WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared September 18)

The general demand situation continues favorable with indexes of industrial production holding up at previous high levels but increasing less rapidly than in recent months. We are now entering a phase of activity comparable to that reached in late 1915 and early 1916 when industrial production reached a peak above which it was very difficult to go. As industrial production reaches full capacity of output there will be a shift from one type of production to another, rather than further increases in production. The government has set up an organization in Washington to enlarge the program to simplify and conserve materials going into goods for civilian use in order that production for defense can be increased. However, just because production approximates the maximum capacity does not mean at all that the demand for goods will not increase.

Following the early part of 1916 the price level rose very rapidly in spite of no appreciable increase in production of manufactures. There is some indication that the same factors that caused the price rise in 1916 are working at the present time; namely, increased wage rates and weekly earnings. The amount of money available for purchases of farm products depends not upon the volume of industrial output but upon the amount of money received by industrial and other workers. Not only are wage rates being raised voluntarily, but at the present time the railroad labor unions have threatened to strike unless their wages are raised, in some cases as much as 41 per cent.

A statement released by one of the larger commercial banks points out that hours of employment in 10 defense industries for the months January to June inclusive, 1941, were 8.9 per cent greater than

from January to June, 1940, but that earnings of labor were 17.5 per cent greater. The earnings increased almost twice as rapidly as the hours of employment. More of the hours worked were overtime, which usually draws 1½ times the usual rate of pay. This is indicated by the fact that the average work week in the first half of this year was 44.1 hours, compared with 40.5 hours in the first six months of 1940. Of course, the incomes of white-collar workers, paid in terms of a monthly salary, increase very slowly in war periods. The national income payments in July were 7,442 million dollars, which is an annual rate of almost 90 billion dollars a year.

In addition to this increased income and purchasing power on the part of domestic consumers, the Surplus Marketing Administration continues to buy large quantities of agricultural products. For the most recent week, purchases were as follows: pork meat products, canned, 4.6 million pounds; lard, 1.6 million pounds; dried eggs, 1.3 million pounds; American cheese, 1.8 million pounds, and large quantities of other manufactured dairy products, fruits and vegetables. It is also announced that the Commodity Credit Corporation released 1,675,000 bushels of corn and 60 thousand bales of cotton for lend-lease purposes.

Production and Stocks of Agricultural Products. The agricultural statistician at Springfield has indicated that the corn yield in Illinois is likely to be the second highest on record, and that above-average yields are expected for oats, wheat, barley, broomcorn and tame hay. Fruit prospects are above average, and the recent rains have greatly helped the soybean crop in northern and central Illinois. A record production of soybeans is anticipated as a result of a record large acreage and a yield of 22.5 bushels per acre as compared with 17.5 in 1940, and the 1930-39 average of 19.1. Storage stocks as of September 1 of practically all perishable commodities are above the corresponding figure a year ago. Frozen fruit holdings were up 27 per cent; frozen vegetable

stocks, up 6.5 per cent; creamery butter, up 49 per cent; cheese, up 24 per cent; eggs, up 2.5 per cent, and total meat in storage, up about 20 per cent. This included about 89 per cent more beef and about 15 per cent more pork. Excessive lard holdings were reduced between August 1 and September 1, and are now only about four per cent above the large holdings of September 1, 1940.

The Situation in Canada and Argentina. Effective August 25, the Canadian Minister of Agriculture announced that the exportation of certain grains was prohibited except under special permit. This restriction on exports was brought about in order to conserve Canada's supply of feed grains so they would have sufficient quantities to produce the large amounts of animal products that they will need for home use and to fulfill their contracts with Great Britain. Livestock production in Canada has been increasing, with the most substantial increase occurring in the case of hogs. The corn-hog ratio has not been as favorable for feeding in Canada as it has in the United States, but recent increases in hog prices have restored the ratio to a more favorable level and large increases are anticipated. Cattle production has also been increasing in recent years and marketings are running about six per cent greater than a year earlier. Production of dairy products in Canada has been well maintained in spite of dry pastures in the main producing provinces. July butter production was 7.9 per cent above 1940, and the production of cheese and concentrated milk products was also running ahead of the previous year.

The dairy industry of Argentina is enjoying the greatest period of production and trade in history. This is especially favorable to Argentina, inasmuch as there has been a huge increase in exports of dairy products for the first six months of 1941 as compared with the same period of 1940. The United States and the United Kingdom are the

largest markets for Argentine dairy products. The United States has been buying very large quantities of casein and cheese, but practically all of the Argentine butter goes to Great Britain. The speeding up of the Argentine dairy industry has been quite welcome to that country because of the inability to export feedstuffs. This will at least improve the market for feeds to a limited extent.

General Commodity Price Trend.

Long-time: Strongly upward

Intermediate: Upward

Short-time: Upward

Although there has been some decline during the past week in prices of farm products, the decline has not gone far enough to indicate any change in the direction of the general trend. Most of the decline seems to be a normal correction of the very rapid rise of the previous two weeks.

Livestock. The top prices for steers have remained fairly steady during the past two weeks, fluctuating between $12.60 and $12.85 at Chicago. The top price Wednesday was $12.75. During the past four months of the year top prices for choice and prime cattle reached their seasonal peaks. There usually is not much fluctuation in prices during these four months, the price depending largely upon the volume of receipts and trends in purchasing power of consumers. At the present time current receipts of salable cattle at 12 public markets for the week ended September 13 were four to five per cent below the comparable week a year earlier. For the month of August, receipts of cattler were two per cent below August, 1940. This indicates that receipts, at the present time at least, are not a seriously depressing factor and with the current increase in incomes of industrial workers it would seem that the price of choice cattle should be well maintained. Weights are heavier this

year for all grades of steers except common. For the week ending September 13, choice and prime steers sold at Chicago averaged 1,203 pounds, compared with 1,112 pounds a year earlier. The average for all grades was 1,128 pounds this year, compared with 1,057 for the comparable week in 1940. The percentage of all steers that graded choice and prime this year at Chicago for the week ended September 13 was 47.9, compared with 43.5 a year earlier. Good steers made up 45.3 per cent this year, compared with 50 last year. Comparable figures for the three-year average for the same week were 38.3 per cent choice and prime and 49.1 per cent good. Feeder and stocker steers averaged $10.12 at Kansas City for the week ending September 12, compared with $8.40 a year earlier. They also weighed a little heavier than a year earlier. Only 21,828 feeder steers changed hands at four principal markets during the week ended September 12, compared with 37,223 a year earlier. Feeder calves are also going to the country in smaller numbers, 3,697 for the latest week, compared with 9,977 a year earlier.

Top prices for hogs were a little lower this week than the previous week, but the decline did not exceed 25 cents per hundred. Wednesday the top price was $12.10. For the week ended September 13, receipts of hogs at 12 markets were 18 per cent lower than for a year earlier. For the month of August, they were 14 per cent lower. It is expected that hog numbers will increase rather rapidly as a result of the favorable feeding ratio and encouragement offered by Secretary Wickard in his announcement of the need for greatly increased supplies of pork products. Contrary to earlier expectations, the spring pig crop was not far below normal, and an increase in the fall pig crop is expected. In 1942, production will probably increase substantially. Although total exports of pork and lard products for the first six months of 1941 were considerably below a year earlier and below normal,

there has recently been quite an increase in purchases of both pork and lard for export under the lend-lease law.

A light volume of country trading in feeder sheep and lambs over the intermountain country was reported for the week ending September 13. It seems that supplies of uncontracted offerings are relatively small. Feeder lambs in Idaho are bringing from $10.55 to $10.65 f.o.b. loading points. In Wyoming, wether lambs sold at $10.25 to $11 and in Colorado the few feeders available moved readily at $10.75 to $11 f.o.b. the loading point.

According to the United States Department of Agriculture, egg production is expected to continue larger during the remainder of 1941. The number of layers on farms is larger than a year ago and more pullets are expected to be retained in the laying flock. An increase of 10 per cent in layers over a year earlier is expected by January, 1942. Egg futures lost about 1 cent during the past week, and production is maintained at a relatively high level, considering the number of hens on farms. The feeding ratio has been very favorable for poultrymen and there has been a larger than usual number of young chickens marketed this year, but the improvement in consumer demand has maintained prices at a satisfactory level. Turkey production for 1941 is indicated to be 5 per cent larger than 1940.

Grains. The grain market has been quite weak, influenced very largely by the extreme weakness in soybeans. As indicated last week, the price of soybean meal was clear out of line with the price of corn, and this correction in soybean prices will help bring about a more nearly normal relationship. It is not expected that wheat prices will move very far in either direction, but stability in the price of feed grains will be affected by the knowledge that a great expansion is desired in the production of animal products, and by the current favorable feed ratio.

The government estimate for corn production this year was a little in excess of 2.5 billion bushels, but total supplies will not be far in excess of the very large supplies on hand last year. Heavier feeding will tend to reduce the surplus of corn.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared September 25)

There are two developments in Washington that may eventually have a very important bearing upon the prices of farm products. They are (1) the action that may eventually be taken relative to price fixing and controls of that nature, and (2) the quantity of food that will be exported under the lease-lend law. Last week Bernard Baruch, who was connected with the War Industries Board during the first World War, in his testimony before the House Banking and Currency Committee came out emphatically for a rigid control of all prices including prices of farm products, wages, rents, and interest. Leon Henderson, head of the Office of Price Administration, favors less drastic and more piece-meal action. He figured that clamping down on wages would tend to interfere with the armament program and thought that the inflation of prices might be prevented by limiting prices of individual commodities. Senator Bankhead, in commenting on Baruch's proposal, indicated that it was not likely that a price ceiling on farm products would be established by this Congress at a figure below 110 per cent of parity. Since that time, Henry Morgenthau Jr., Secretary of the Treasury, has proposed a definite maximum of 6 per cent profit for corporations.

At the same time that Secretary Morgenthau was proposing this limitation on profits, the Federal Reserve Board raised reserve requirements of member banks about one-seventh, up to the highest point permitted by present laws. This would have a tendency to reduce present excess bank reserves from around 5 billion dollars to about 4 billion dollars. The object is to prevent a runaway inflation through

the use of bank credit. Inasmuch as price rises have to be fed either by an increase in bank credit or greater rapidity of turnover of pocket cash and bank credit, any strict limitation upon the issuance of bank credit would tend to prevent inflationary price rises. However, 4 billion dollars excess reserves would still permit an expansion of about 20 to 30 billion dollars in credit which would be quite inflationary. The chances are that additional efforts will be made to prevent such an expansion in bank credit.

As indicated in a previous market review, the Federal Reserve System has already placed some restrictions upon installment credit. If the time arrives when the federal treasury is unable to finance the armament program by means of taxation and borrowing the savings of individuals, it will have to sell its securities to the banks. If bank credit then becomes limited in quantity, it may be that pressure will be brought upon the banks to buy more government securities and issue less credit to commercial concerns or the present restrictions on bank lendings may be eased.

From the farmers' standpoint these proposed restrictions upon the issuance of bank credit would presumably be reflected in smaller money payments to individuals than would occur under a very rapid expansion in bank credit. Farm prices will depend upon the individual's income to a major extent and only to a minor extent upon government purchases for lease-lend activities. As to the effect of Secretary Morgenthau's proposal to restrict profits, that might or might not be deflationary. Of course, if profits are not paid out as dividends, they can not be spent for farm products or other commodities. However, if profits are limited, industries may be less careful about restricting their costs of operation and may tend to run on a cost-plus basis

which would tend to make them more receptive to pressure by labor unions to increase wages. Even though profits were restricted, if wages were increased rapidly, that would tend to be inflationary.

I am inclined to believe that a serious effort will be made to prevent a runaway inflation of the type that we had during the first World War. However, I do not expect any definite ceiling to be put upon wages, and I should expect weekly earnings of industrial workers to tend to rise and workers' ability to buy farm products to increase. I should not anticipate any restriction upon the prices of agricultural products below parity and the farmer is practically guaranteed 85 per cent of parity.

In President Roosevelt's latest request for between 5 and 6 billion dollars for additional lease-lend activity, Secretary of Agriculture Wickard indicated that at least 1 billion dollars of that amount was needed for payment for foodstuffs to be sent to England under the lease-lend act.

What can be expected of soybean prices? Although a great deal of information concerning future developments would be required to estimate very closely the price of soybeans, and these future developments are particularly difficult to forecast at the present time, it would seem that in the light of past relationships, an average October to May price of $1.75 a bushel at Chicago for No. 2 yellow soybeans would be a conservative estimate. The fact that this price is now being paid in Chicago for soybeans would suggest that the estimate might be too low. However, it is entirely possible that farmers may not be able to store a large fraction of the bumper crop of soybeans that is in sight in the commercial bean-producing area, and because of the congestion in terminal storage facilities at the present

time, some decline might be expected in the price of beans during October and November. If such a decline should take place and the beans go as low as $1.50 a bushel at Chicago, a substantial seasonal rise could be expected, reaching as much as $2 a bushel next May. However, if farmers withhold their beans from market this fall, that would tend to maintain a reasonably high price early in the crop year, but would also tend to prevent the usual seasonal rise. Under these circumstances the price of soybeans would not be as high next May as might be anticipated.

This estimate of $1.75 a bushel provides for some slight increase in domestic demand, but does not provide for any very large export of soybean products. Such exports would tend to strengthen the price. It is not believed that price fixing by the government would directly or indirectly reduce the price below the estimate. During the past week, soybeans lost about 5 cents a bushel and recovered practically all of the loss. A minor upward swing seems to be underway, but it is doubtful if it will approach the high point reached September 12 before it goes to still lower levels.

Other grains. All the other grains—wheat, corn, oats, rye and barley—declined during the week and recovered slightly within the past few days. This is a normal correction from the rapid rise that took place. The wheat situation is practically unchanged. The lease-lend activities do not call for any shipments of wheat to England, and we have more than enough in the United States. Under the circumstances, wheat prices will probably rise and fall as speculative enthusiasm and the general price level change from week to week.

The insistence by the Department of Agriculture upon greatly increased production of foodstuffs for export and for domestic

consumption emphasizes the fact that farmers are likely to feed more heavily. The demand for corn and other feed grains may therefore be expected to be maintained throughout the coming months. In estimating the price of soybeans, I used the relationship between the prices of protein concentrates and corn. That made it necessary to make an estimate of the probable price of corn, which I placed at about 90 cents a bushel, November to May average for No. 3 yellow corn at Chicago.

I should not expect the change in the method of determining government loan rates on corn to have any serious effect on the prices of corn in Illinois. In the eastern corn belt it will tend to raise the loan price and in the western corn belt it will tend to lower the loan price. That will have a tendency to encourage hog production in the western corn belt, and so long as the feeding ratio is favorable to hog production, it is unlikely that any abnormally large quantities of corn from that region will flood the commercial corn market. This is a very healthy development and will tend to restore the livestock industry in the western part of the corn belt where the former loan rate made it more profitable to seal the corn than to feed it.

General Commodity Prices.

Long-time trend: Strongly upward.

Intermediate trend: Steady to upward.

Short-time trend: Steady.

Domestic Demand Situation. Income payments up to the present time have been increasing rather rapidly. However, there is some indication that the future trend will be less strongly upward. Because of shortage of materials which forces the government to conserve available supplies for use in the armament industry, other industries are finding

it more and more difficult, even impossible, to carry on operations as usual.

The Governor of Michigan has announced that they will have a very serious condition in Detroit and other automobile producing areas because of unemployment brought about by the restriction of automobile production, which in turn is caused by the shortage of materials used both in automobile production and in the production of armaments. In addition, small businesses all over the country are finding that their opportunities for carrying on business as usual are being greatly restricted, and there is a tendency for such manufacturing concerns who do not have armament contracts to greatly restrict output or go out of business. This condition will have a tendency to make the current prosperity more spotted geographically and also will tend to slow down the increase in business activity. One solution might be a wider distribution of armament orders so that industries driven out of production of peace-time goods might continue to operate even though they require some revision in equipment and retraining of the workers.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared October 2)

Business activity has remained about stationary for the past four weeks. Although we have not reached capacity production in all armament industries, largely because of a limitation of supplies of raw materials, yet the point has been reached where further improvement in buying power will depend largely upon increased payrolls resulting from increased wage rates and exports. A government official suggested that the length of the working week be increased from 40 to 48 hours in order to increase output. This would not have the effect of increasing output 20 per cent, however, because of the fact that at the present time a great deal of overtime is being put in at an increased hourly rate. Steel production has fluctuated around 96 to 97 per cent of capacity, electric power output is increasing seasonally and also widening its spread from last year. It is at the highest point in history. Freight carloadings are also far above 1939 and 1940, but the increase over these years is declining somewhat. The seasonal peak in carloadings usually is not reached until mid-October. Automobile production is below a year ago. Further curtailment is expected. Coal production is holding up at a level considerably above either 1939 or 1940.

Cost of Living. All divisions of the United States Department of Labor index of cost of living have been rising during the past two months. Between July and August clothing rose most, with food a close second, followed in order by fuel, electricity and ice; house furnishings; rent, and miscellaneous. In no case was the rise spectacular, but it indicates a steady upward trend.

Commodity Prices.

Long-time trend: Strongly upward

Intermediate trend: Steady to upward

Short-time trend: Downward

There seems to be at least a temporary lull in the upward trends of commodity prices. This is probably brought about by the stabilization of industrial activity and the proposals for price fixing, increased taxation, forced savings, limitation upon bank credit expansion, and other factors that would help to prevent inflation.

The latest proposal originating in Washington that has an important bearing upon future prices is the suggestion credited to the Secretary of the Treasury that the social security payroll tax be increased from 2 per cent to 6 per cent. President Roosevelt has also indicated that the social security system of old age pensions might be doubled by the addition of some 40 million persons not now governed by the act. These would probably include 2.5 million domestic servants, 4.5 million farm laborers, 4.5 to 5 million self-employed, 1 to 3 million part-time workers, 3 to 4 million public employees, 3 to 4 million charitable workers or W.P.A. employees, and 6 to 7 million farm operators. Regardless of the desirability or merits of the proposal from other points of view, it would certainly have a tendency to curb inflation to the extent of taking about an extra 2 billion dollars out of the pockets of employers and employees combined by simply raising the rate to 6 per cent instead of 2 per cent. If another 30 million to 40 million people were involved, their contributions would greatly increase this amount. At the same time that the money was being taken out of the hands of the income recipients, it would be paid to the government and that would make it unnecessary for the government to borrow equivalent amounts from other sources. The government could merely borrow the

reserves built up by the social security branches and use them for defense purposes. This would prevent the increase in total buying power that would result if the government borrowed the money directly from the banking system. It would be a form of compulsory savings. Although other branches of the government would have spent the contributions paid in for social security purposes, they would turn over to the social security division evidence of indebtedness in the form of notes or bonds which could later be turned into cash as needed, either by redemption by the government or by sale in the investment market. The total indebtedness of the government would be no greater than if the borrowing were done from a nongovernmental agency.

Grain Prices. Wheat prices have improved about 2 cents during the past week. Although wheat supplies in the United States for the year beginning July 1, 1941, are now estimated at 1,344,000,000 bushels, or 246,000,000 bushels above the supply a year ago, and it is expected that exports will be even less than the 34 million bushels exported last year, there is no serious pressure of wheat on the cash markets. Although supplies are abundant, they seem to be strongly held and a large amount of wheat is being impounded into the loan. The tariff is no longer effective in keeping out wheat, but the import quota restriction on wheat and flour prevents Canada and Argentina from sending large quantities of wheat to the United States.

The Commodity Credit Corporation raised its selling price of corn 1 cent at Chicago this week. Although the cash price of corn at Chicago is considerably below the price at which the Commodity Credit Corporation offers to sell corn, the reluctance of this agency to sell at the going cash price would seem to lend credence to the writer's belief that the price of corn is likely to rise considerably before next May.

Soybeans. The price of soybeans rose about 5 cents during the past week. Within the last day or two, prices declined rather drastically. New beans will be coming on the market shortly in volume, and if soybean prices follow their normal seasonal trend, a further substantial decline in price could be expected during the next couple of months. Both cottonseed oil and soybean oil have reached the high points of mid-September. However, cottonseed meal and soybean meal prices have declined as much as $5 a ton from the high points reached September 12. With the bumper crop of beans coming on and the upward seasonal movement in corn prices likely to be delayed somewhat by the government's willingness to sell stored corn, soybean meal is likely to be depressed at least during the harvest season. Soybean oil prices are likely to hold up fairly well because of the increased demand for fats and oils both for domestic use and for shipment under the Lease-Lend Act.

Livestock Prices. The top price for hogs for the past week was $11.50 reached on Wednesday, compared with $11.80 a week earlier. The top price got down to $11.35 Tuesday. Hog receipts continue to be substantially below a year ago, and for this time of year the price is holding up very well. Receipts of salable hogs at 12 public markets for the week ending September 27 were 254,724 compared with 319,790 a year earlier. Weights are also heavier for barrows and gilts at most markets, although for that particular week they were no heavier at Chicago.

Choice steers have remained about steady in price, with the top at $12.85 Monday, and steady to 10 cents lower during the rest of the week. Cattle receipts for the week ended September 27 at 12 markets were 12 per cent in excess of the comparable week in 1940. However, receipts of calves were lower. An unusually large fraction of beef steers sold at Chicago graded choice and prime.

Dairy and Poultry Products. Butter prices weakened some during

the week, doubtless as a result of the continued high production of dairy products, both per cow and total production. Milk production promises to continue heavy this fall, and through the winter feeding period. With present prices of dairy products and feedstuffs, it is profitable to feed liberally in most areas, and especially in the central states. The number of cows is still on the upward trend.

Egg prices have shown a tendency toward weakness relative to the usual seasonal trend during the past three weeks in spite of the improvement in domestic demand and purchases by governmental agencies. This weakness is doubtless caused by the unusually heavy production of eggs this fall. It is expected that egg production will be maintained at a very high level both this winter and through 1942. It is likely that the tentative goals set up for the production of both eggs and chicken meat in 1942 will be attained. It is also expected that cash farm income for poultry products in 1942 will be materially larger than in 1941 and possibly the largest on record. Farmers' costs will also be higher than in 1941, but they may not increase as fast as incomes. Even though the margin of egg prices over a year earlier has been decreasing, the price of fresh firsts at Chicago in the third week of September was about 50 per cent higher than in the corresponding period of 1940. It is expected that the spread over the previous year will continue to decline in view of the heavier marketings in prospect. Prices of most classes of young chickens are 2 to 4 cents higher than a year ago, although the seasonal downward trend has begun.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared October 9)

The Treasury of the United States will issue new securities in the amount of 1.5 billion dollars October 20, to bear 2½ per cent interest and to run from 26 to 31 years. Of this amount, 1.2 billion dollars will be offered to the public; the rest involves an exchange of maturing obligations and a 100 million dollar reserve for government investment accounts. Similar issues will be forthcoming from time to time. We have already appropriated 7 billion dollars for lease-lend purposes and have now under consideration almost another 6 billion dollars in addition to many times that amount appropriated for defense. The significant part about this announcement is that it is offered to the public. It is expected that practically all of it will be subscribed by institutional investors including banks and insurance companies. The small individual investor has been subscribing to defense savings bonds--1¼ billion dollars in 4 months. To the extent that insurance companies buy these government obligations there are no inflationary implications. Insurance companies have to invest only the amount of money which we save and turn over to them as premiums. Our original saving reduces our spending power and merely transfers it to some one else by way of the insurance company route.

Presumably a very large fraction of this 1.2 billion dollars will be subscribed by the banks. To that extent it will be inflationary. When banks loan money to the government through the purchase of government securities, no bank depositor has less to spend, but the government has more to spend, so the total buying power of the nation is thereby increased. A matter of a billion dollars or so would not be

particularly serious, but this is only one of numerous similar occasions that will be forthcoming. In spite of all talk of price control, we shall have a continuation of some form of inflation so long as the government is obliged to finance the armament and lease-lend programs by borrowing from banks. It is not likely that banks will contract the volume of commercial loans outstanding if they increase their loans to the federal government. In fact, commercial bank loans have been increasing rather rapidly during the past few months.

The Secretary of the Treasury also indicated that our defense expenditures are inadequate. He said that the United States is trying to be the arsenal of democracy by devoting only 20 per cent of factory and mining output to defense, only 30 per cent of the output of durable goods, only 10 per cent of nondurable goods and only 16 per cent of national income. He announced that 1.3 billion dollars was spend for defense in September, the largest monthly figure so far. We have just this week begun to adjust ourselves to the new excise taxes on various types of commodities and have doubtless made efforts to estimate approximately how much income tax we shall have to pay next March. The bill will be rather heavy. But in this connection the Secretary of the Treasury said that the revenue act of 1941 which calls for these taxes which we are now facing was a "good start," but that the tax bill next year will have to be a genuinely "all-out" bill to raise the necessary revenue, check inflation and take the profit out of war.

The definite steps that have been taken to increase taxation, place ceilings upon prices and reduce slightly the lending power of banks, together with the further proposals for legislation of an anti-inflationary nature, have helped check the rise in prices that was taking place prior to August. Actual accomplishments to date have not been adequate, however, to prevent a resumption of the upward trend

in commodity prices upon which no ceilings are placed.

Food for Defense - The Secretary of Agriculture stated that the United States has recently shipped or bought for England about a half billion dollars worth of food and indicated that within the next year "we expect to ship or buy at least another billion dollars worth." Purchases of agricultural products by the government for lease-lend and for relief and other domestic uses have reached rather large proportions. Farmers have been urged to greatly increase the production of a number of farm products, especially animal products. The lending power of the CCC has made effective the Secretary of Agriculture's promise to maintain the prices of such products at 85 per cent of parity.

In addition to providing England with these very highly nutritive and valuable foodstuffs, American people are being warned to pay a little more attention to their diets. On the basis of preliminary reports of men examined for possible selective service, only about 50 per cent are physically or mentally qualified for general military service. This is a severe indictment against a country so wealthy in natural resources as the United States. Defective teeth accounted for 20.9 per cent of the rejections; eyes, 13.7 per cent; cardiovascular ailments (pertaining to the system of blood vessels around the heart), 10.6 per cent; venereal diseases, 6.3 per cent. Proper and adequate diets certainly would have prevented a large fraction of these rejections. If some means could be worked out whereby our people would all be adequately fed without the use of some scheme which would destroy their own initiative and willingness to help themselves, the nation would be much better off and farmers would find the restrictions on production of farm products quite unnecessary.

Commodity Prices.

Long-time trend: Steady to downward.

Intermediate trend: Steady to downward.

Short-time trend: Downward.

For the time being the recent upward trend in prices is definitely halted. The recent proposals for preventing inflation have been partially responsible for this sidewise trend. The progress that the German army is making in Russia has been an unsettling influence. For short periods of time our attention is focused upon such developments, possibly to the exclusion of more fundamental factors.

Representatives from the United States and England have agreed to provide Russia with supplies and equipment. The United States has agreed to supply Great Britain with all sorts of material assistance, including food. Our officials responsible for getting this material and equipment manufactured and into the hands of friendly nations are making every effort to shift industrial production from consumers' goods to armaments, ships, airplanes and other seriously needed war equipment. We do not have the capacity to multiply our output of armament goods several fold and continue to produce the same amount of consumers' goods. The result will be that the amount of consumers' goods, except for farm products, must be drastically curtailed. With the curtailment of the volume of goods that people can buy, with no curtailment of their income, but possibly a considerable expansion of their income, there will be more money to spend for food. Unless price ceilings are placed upon foodstuffs it is probable that the domestic demand for foods combined with the lease-lend purchases would maintain the prices of farm products at a relatively high level in spite of the increases in production which are being planned.

Grain Prices - Grain prices have declined during the week to the lowest levels reached during the past month for corn, soybeans and barley, and to the lowest for the past two weeks for wheat, oats and rye in the futures markets. The decline in corn and soybeans is an adjustment to the new-crop supply situation. The very heavy rains during the past week will delay harvesting of soybeans and may therefore tend to prevent as much decline in price during the next week or two as would have occurred had good weather permitted a more rapid harvest. This may tend, however, to aggravate the situation in November and December if these beans come to market in large quantities. Processors have been contracting for local elevator storage space, a considerable amount of which is available. This is in contrast to the terminal situation where the elevators are full of wheat. It is unlikely, however, that the market will be able to absorb the large quantity of beans which farmers may wish to dispose of at harvest time without further price declines.

Fundamentally the demand for feed grains is strong.

Wheat is not likely to decline very far, as there is no great disposition for farmers to sell their wheat at any considerable discount under the loan price. It is reported that the quota allotted to Canada for wheat exports to the United States has been filled, so there is no danger of pressure from that direction.

Livestock Prices - The top price for hogs at Chicago during the past week was $11.45. This price was reached Monday, but since that time prices have declined. The top on Wednesday was $11.20. The top price of choice steers was $12.85. Both the prices of steers and hogs are following rather closely the usual seasonal pattern. Prices of choice steers usually hold up well during the fall and early winter months, but hog prices usually decline from September to December as

marketings increase rapidly during this period. The peak of hog prices is usually reached in August and the bottom in December. The drop in prices has a tendency to average about 12 per cent from August to December. Usually the decline from September to October is slight and the greatest percentage decrease, approximately 7 per cent, comes between October and November. During years when business activity and the general demand situation are improving, the seasonal decline is likely to be less than normal. During years when the demand is declining, the seasonal downward trend is likely to be accelerated at this time of year. This year the demand is very strong, and, with no abnormally large marketings anticipated, the market is likely to hold up relatively well.

Butter prices have declined during the past week, but egg prices have shown some tendency to rally in spite of the large quantities of eggs coming to market. The demand for eggs for lease-lend purposes is stronger than the demand for butter. The domestic demand for both is strong.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared October 23)

In general, prices of farm products recovered from the drastic decline suffered Thursday, October 16. The rebound in prices of soybeans and grains was substantial but not sufficient to indicate that the downward trend has been broken. The prices of livestock and livestock products declined less than grain. They too, for the most part, are back to the level existing before the collapse of last week.

Trend of sensitive commodity prices:

Longer-time trend: Downward.

Intermediate trend: Downward.

Short-time trend: Downward.

The price-depressing influences that have been at work during the past few weeks are still effective for the most part. The war situation has not become worse nor can we say that it has improved. The new Japanese cabinet is dominated by military elements, but the Russian forces seem to have checked temporarily the drive on Moscow.

Leon Henderson, director of the Office of Price Administration, in releasing a portion of his report to the President, indicated that we "need price legislation and need it fast." Secretary Wickard went on record as favoring price control, but did not favor price ceilings on agricultural products below 110 per cent of parity. The Secretary's stand was interpreted favorably by the grain trade, and prices recovered substantially on the day the statement was made. Although fixing a ceiling at 110 per cent of parity gives no assurance that prices of any given commodity will go that high, yet permission

to go that high is a favorable factor from the farmers' point of view. Actually, prices will depend upon the domestic demand, quantity of exports and the effect of the loan program. In a surprise move, the House Agricultural Committee voted Thursday for loans at full parity on principal farm products. It is too early to predict how it will be received.

Canada adopted drastic control of commodity prices and wages this week, to become effective November 17. Maximum prices were set and in some cases also minimum prices. Wage rates were established subject to bonus payments every three months on the basis of a cost-of-living index prescribed by the Dominion government. Limitations on wages and prices in defense industries have been in effect in Canada since December, 1940. It was necessary to include non-defense industries and agriculture in order that there could be no competition for labor and materials which would interfere with the Canadian armament production program.

Business activity - Activity is continuing at a high level in the United States; employment and pay rolls are both increasing rapidly with pay rolls outstripping employment. Both are at the highest level on record. For example, the factory employment index in New York State in August was 26½ per cent above the 1929 peak, and the index of pay rolls was 36 per cent higher. Likewise, for the year August, 1940, to August, 1941, factory employment in the United States increased 23 per cent and pay rolls increased 49 per cent.

Department store sales for 1941 are running substantially ahead of 1940. For the New York federal reserve district the most substantial increases in sales during the year ending August, 1941, occurred in sales of hosiery, underwear, furs and fur-trimmed coats,

home furnishings, and household appliances.

Car loadings are running about 10 to 12 per cent above a year ago. Traffic is not congested, but Transportation Commissioner Budd announced that soldiers on furlough will get first call on transportation facilities during the Christmas holidays and many civilians "ought to do their traveling now and stay home during the holidays."

Commodity prices - The principal factor that effects commodity prices in the United States--namely, domestic demand--continues to improve. Although the present trend of prices is downward, the recovery during the current week was very rapid and substantial, which would seem to indicate that there is a strong foundation under the price system which may soon cause a reversal of the downward trend. Another factor that lends support to the belief that the long-time trend is upward and soon will become apparent is that bank loans have been increasing since the middle of 1940. There is no apparent tendency for this trend in loans to be reversed. Inasmuch as increases in buying power must be supplied either by a faster turnover of the currency and bank deposits already on hand or an increase in bank credit, the item of bank loans deserves careful watching. Over the last few years the trends of bank loans and commodity prices have been in the same general direction.

Soybeans - Number 2 yellow soybeans in Chicago were sold during the past week at from 1 to 2 cents under the price of the October futures. There was a nice recovery in price, reaching a peak on Tuesday after which prices of all grains tended to recede somewhat. During the past few days, the price of October futures was stronger, relatively speaking, than the price of December futures. Undoubtedly

that was caused by the fact that farmers were unable to harvest their beans early this month because of heavy rains, and it means that more beans will come to market during November and December. Under these circumstances the price of cash beans is likely to decline still further until the harvest is pretty well over or until it becomes apparent that farmers are going to store more beans on the farm than is now expected. This week the U. S. Department of Agriculture announced a loan of $1.05 a bushel on soybeans stored on the farm. The rate will be 7 cents a bushel less if stored in approved warehouses off the farm. Unless demand conditions should change drastically, it is not likely that the loan will become effective as a price influence for the reason that the demand for both soybean oil and soybean meal should be sufficiently strong to prevent soybean prices from declining to $1.05 during the current crop year. The federal government is buying some soybeans for export under the lease-lend program. Under date of October 2, the Surplus Marketing Administration announced a purchase of 8,800,000 pounds of soybeans.

Other grains - Wheat prices recovered 10 cents from the low of October 16. If enough farmers take advantage of the loan, wheat prices are likely to make a further substantial recovery in price.

Corn and oats prices regained in one day almost the full amount of the decline last week. The demand for feed grains is likely to be very strong throughout the year, and further recovery in prices may be expected. Feed supplies are ample, however.

Livestock products - Hogs continue to come to market in relatively large numbers, and the price declined during the week, but Wednesday the top price at Chicago at $10.45 was only 40 cents under the top price of the preceding Wednesday. Top price for beef steers on the other hand was 10 cents higher at $12.85.

Butter prices are higher than they were a week ago. Eggs are about steady.

Dairy situation - According to the U. S. Department of Agriculture, prices of dairy products are likely to average higher in 1942 than in 1941, although the increase is not expected to be as great as was the increase from 1940 to 1941. This increase in prices is expected in spite of anticipation of the largest quantity of total milk production on record. A 3 per cent increase in the number of milk cows on farms is forecast. Feeding may be even more intensive than at present. Increased consumer incomes and large exports of dairy products under the lease-lend program are counted upon to more than offset the effect of increased production. There will be plenty of feed grains, high protein feeds and hay to provide all the feed needed. It is expected that the ratio of butter fat prices to prices of feed grains will continue favorable during the rest of 1941 and that the relation between prices paid for milk by condenseries and feed-grain prices probably will be more favorable than a year earlier through the first half of 1942. Because of large increases in exports of American cheese and evaporated milk, the price of condensery milk has increased faster than has the price of butter fat.

Turkeys - The U. S. Department of Agriculture estimates the 1941 turkey crop at 33,553,000 birds. This establishes a new record. Turkey prices are expected to be substantially higher than last fall, but the increase to date has not been as pronounced as for other kinds of meat. Because of the heavy demand for small turkeys for family dinners and a decrease in the proportion of small turkeys, it was deemed necessary last year to reduce the price of the heavier birds in order to move them. This year the government is buying several hundred thousand heavy turkeys for its men in uniform.

Combining this demand with the demand from hotels and restaurants it is unlikely that heavy turkeys will have to sell at a discount this year.

Cold storage holdings October 1 - Relative to October 1, 1940 cold storage holdings as of October 1, 1941, show the following increases by commodities:

Frozen fruits and berries	29%	Frozen poultry	6%
Frozen vegetables	18%	Frozen and cured beef	102%
Creamery butter	58%	Frozen and cured pork	11%
Cheese, all varieties	25%	Lard (decrease)	9%
Eggs	8%		

The only points of possible distress in this situation are represented by the heavy holdings of butter and beef.

The feeding situation - The beef situation may be aggravated somewhat by importations of canned beef from Argentina and some further importations of low-duty cattle from Canada. Importations from Canada are limited by quota, and to date Canada has not used the entire quota. The improving domestic demand is likely to make it possible to absorb our large beef supplies at prices for beef relatively higher than feed prices. The total number of stocker and feeder cattle and calves received in seven corn-belt states, excluding Illinois, from July to September, 1941, was 495,639 compared with 803,459 for the comparable period in 1940. Although there may be rather heavy movement of feeders during the last three months of the year, available information as to stocker and feeder cattle to be moved from producing states does not point to a sufficient volume to offset the decrease to date.

The number of feeder sheep and lambs coming into seven corn belt states has also been about 10 per cent less than the year earlier. Present indications point to decreased lamb feeding operations in Ohio, Michigan, Wisconsin, Minnesota, Iowa and South Dakota but not much change for Indiana, Illinois, Missouri, Nebraska and Kansas. More ewe lambs are being retained in the western states and in Texas, evidently for increasing the size of the flocks.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared October 30)

Prices of most farm products weakened considerably Monday and Tuesday but later showed a nice recovery. Early in the week wheat declined more than 3 cents from the preceding Friday close but recovered most of the loss. Corn was strong all through the week and reached a new top price for the past two weeks. Soybean prices have had wide fluctuations. The decline to a low on Monday was only about 3 cents above the low on October 17. The recovery Wednesday, however, was quite spectacular and brought the price up to about the level of the preceding Wednesday. Butter prices had an eight-day uninterrupted climb which ended Monday, Since that time, there has been a rapid fall in prices which eliminated all of the gain of the preceding eight days. Egg prices have changed little other than seasonally and have remained relatively strong. Hog prices are higher than a week earlier, and steer prices are steady to lower.

Trend of sensitive commodity prices:

Longer-time trend: Downward.

Intermediate trend: Downward.

Short-time trend: Upward.

There are some indications to the effect that the trend of sensitive commodity prices may have turned upward. During the past week the index of sensitive commodity prices we use has remained about stable with very narrow fluctuations and with a side-wise trend. Inasmuch as other factors still point toward increasing prices, it will not be surprising to see the longer-time trends soon turn upward.

President Roosevelt's Navy Day speech left the impression that a shooting war is much nearer than many people anticipated. Remembering experiences of the first World War when many prices skyrocketed as soon as American participation was assured, there would be a tendency for prices again to rise if for no other reason than because they rose in 1917. If and when we become further involved in the present struggle, it will probably be done without an early declaration of war, but the effect upon prices would be very much the same as if war were declared. It should be recalled at this time that we have more apparent interest in controlling prices than we had in 1917. We are making a greater effort to finance the war out of taxes and savings of individuals and also a greater effort to arbitrarily hold prices down.

From the standpoint of future farm prices, the price control bill before Congress is probably more important than the President's speech. Part of the rise of prices Wednesday was based upon the report that Republican members of the House Banking Committee were said to be in opposition to inclusion of wages in the price control bill, and indications were that they would also try to exclude control of farm prices. If both wage control and control of farm prices are left out of the bill, the chance of preventing a further rise in the price of farm products is rather slim.

The key to controlling prices is really the control of expendable income. The Secretary of the Treasury has indicated that he hopes to finance two-thirds of the total cost of the federal government and armament program out of taxes. If it is possible to accomplish this and also sell defense savings bonds and other government securities to the general public to cover most of the remaining

deficit, it would be quite possible to check an inflationary rise in prices. The Treasury announced Wednesday that the sale of defense savings bonds had exceeded $1,735,000,000. Tax rates will doubtless be increased from time to time. However, if defense needs require such a large fraction of total output that production for consumption is reduced, prices are likely to rise because of the restricted supply which is available with no restrictions in incomes.

There is a group in Congress which hopes to include in the price control bill ceilings on wages, prices, profits, and rent, very much as Canada is doing. At present the balance seems to be in favor of the group that would leave wage ceilings out of the bill and permit ceilings on prices of agricultural products at not less than 110 per cent of parity.

Business activity - Steel production declined in the past week about 2 per cent, but other forms of business activity, with the exception of automobile production, are holding up well. We seem to have reached the point, however, where further increases in total output of industrial products will be difficult to accomplish. From now on, we shall probably have to shift out of the production of consumer goods more and more into the production of armaments. Although the decline of steel output probably was caused, to a certain extent, by the strike in the coal mines owned by steel companies, there doesn't seem to be any opportunity for any rapid expansion in the volume of production of industrial products. We have now reached the stage comparable to that reached in 1916 where production was stabilized at a relatively high level. Under such circumstances, the tendency is to bid up the price of skilled labor and raw materials in an effort to take them away from competitors. This was made

possible by the availability of bank credit. With our present system of priorities and price ceilings, it is hoped that the spiral of increased costs and increased prices will not get under way as it did during the first World War.

One characteristic of the present situation is the extremely high level of construction contracts that have been let during recent months. A large fraction of these contracts is for federal projects related to defense efforts, but it is one of the surest signs we have that the demand for farm products is likely to be maintained at a very high level for at least several months.

Commodity prices - Prices of all grains have shown a substantial recovery during the last few days.

Although the terminal storage space is filled with wheat, the latest reports indicate that there is no pressure at the present time caused by wheat coming to market. With a fair milling demand, the price has tended to stabilize and even to strengthen somewhat. It is reported that Russia has probably bought at least 2 million bushels of wheat from Canada through London, and that they may buy more wheat and rye from North America. The wheat crop in Argentina probably will not be as large and depressing as last year. The present cash price is below the loan price, and it is doubtful if, barring any disastrous war news, there will be much futher decline in the price of wheat in the near future.

All feed grains are in a rather strong position, and prices are likely to hold up well even during corn harvest. The government has purchased some corn for lease-lend purposes, but the strongest influence comes through the present heavy feeding program which is rapidly reducing government holdings of old corn.

Soybean prices have behaved rather well. Weather conditions in the principal soybean producing areas have been unfavorable for harvesting and also have doubtless caused some deterioration in quality and actual loss because of rotting and shattering. In central Illinois the beans have stood up fairly well in spite of the rains, but it is reported that there is a tendency for the beans to shatter worse after the wet pods have rotted to a certain extent and then quickly dried out. In the northern part of the state it is reported that the beans have not stood up as well, and for that reason more of them have deteriorated in quality. Under these circumstances it would not be surprising if the quantity of beans harvested would be below the 110 million bushels estimated by the government in October. It is possible, of course, that the deterioration in quality may force farmers to market a larger fraction of beans at harvest time because of possible loss if stored on the farm. This would tend to cause a greater spread between early and later prices. Prices of both soybean oil and soybean meal would appear to be low enough relative to competing products and to present and future demands for such products. However, imports of flax seed from Argentina under the reduced tariff rate are a price depressing factor.

Foreign trade - The lease-lend program has tended to reverse the situation with respect to agricultural exports. Not only were July exports 90 per cent larger than they were in July 1939 and 1940, but a new set of commodities has been added to the list of major exports. In the order of value the most important exports in July were: leaf tobacco; lard; canned meats; evaporated milk; cotton; smoked and pickled pork; dried, frozen, and shell eggs; cheese; wheat; dried beans; corn; canned tomatoes; oranges, and dried fruits.

The receipts ranged from almost 7 million dollars for tobacco and almost 6 million dollars for canned meats and for lard to just over 1 million dollars for oranges, and slightly less for dried fruits. This new foreign demand results from the inability of England to obtain necessary quantities of these products from other sources, the easy terms under which she can obtain them from us and the need to import concentrated foodstuffs in order to save shipping space and avoid the necessity of feeding and processing in England.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared November 6)

Commodity Prices at Chicago

Item	Cash: Wednesday, Nov. 5, 1941	Cash: Week Ago	December futures (close): Wednesday	December futures (close): Week ago
Wheat (No.2 soft red winter)	$ --	$ --	$1.17	$1.14¾
Corn (No.2 yellow, new)	.72-.75	.68½-.70½	.78½	.76¾
Oats (No.2 white)	.49½-.50½	.47½	.51 1/8	.48¼
Soybeans (No.2 yellow)	1.63	1.53½-1.57	1.67 3/8	1.60
Butter (92 score)	.36	.35	.3445	.3330
Eggs (current receipts)	.32	.30	.3135	.2925
Hogs (top price)	10.60	10.65		
Cattle (top price)	12.75	12.75		

The above table indicates the changes in prices of principal Illinois farm products, both cash and futures, during the past week ending Wednesday. I have been informed that farm advisers and other users of the Weekly Market Review and Farm Outlook have put an interpretation upon my statement of sensitive commodity price trends which was not intended and which would lead to false conclusions.

In the September 4 and September 11 issues of the review, I indicated that the three trends--longer-time trend, intermediate trend, and short-time trend--represented what had taken place. Yet, I understand that they are being interpreted as my forecast of future prices. That is far from being the case. For example, this week the longer-time trend is still downward; the intermediate trend is still downward;

and the short-time trend is upward. This does not mean at all that I think the trend over the next few months will be downward. It merely means that the long-time trend, which according to the index I used had been upward throughout the entire year until October 2, had finally reversed. The interpretation might be that the inflationary forces had temporarily spent themselves. Actually what happened was that the war situation was not improved, taxes had been raised substantially and there were prospects of still heavier taxes in various forms, efforts were being made to drain off income through sale of government bonds to the general public, and price control was being seriously considered as a means of preventing inflation. In the face of these developments, the level of sensitive commodity prices stopped rising and even declined slightly. Whether the upward trend is resumed depends upon such developments as the nature of price control legislation, the extent of future taxes, the ability to sell government bonds to the general public without resort to bank loans, the increase in government expenditures, disturbances to consumers' goods industries caused by shifts to all-out defense, and the progress of the war.

Inasmuch as the sensitive commodity trends which I have been using are of only moderate value, at the best, for forecasting, I shall omit them from future market reviews unless my readers request that they be continued. A knowledge of the relationship between the shorter- and longer-time trends might be of considerable value to traders but of little value to the person who, upon selling the product, is no longer able to take advantage of later price rises.

Grain prices. All grain prices rose substantially Wednesday. Wheat prices rose on the basis of the possibility of shipping some of our surplus wheat to Russia. The Germans have occupied a large fraction

of the more fertile wheat producing region of Russia, and it is entirely possible that Russia may have to import wheat in order to keep up the fight. She may import it from Canada or Argentina, however. Then too, the present indications are that the price control bill will not place price ceilings on farm products below 110 per cent of parity. Parity prices are more likely to rise than to fall, and that would mean that wheat prices are not near the upper limit. Wheat has been going into government loan very rapidly in the last week or two, but stocks are very heavy. For the latest week for which we have a report, wheat in store and afloat at domestic markets totaled 280 million bushels compared to 176 million bushels a year ago.

Some difficulty is being encountered in connection with wheat seeding in the western winter wheat area but that which is seeded is coming along in fine shape.

The price of wheat will be sustained by the loan program.

Corn. Corn prices continued the increase that has been in effect since the drastic decline of October 16. Since that time, corn prices have recovered about 11 cents. The wet weather that we had in October, and which is continuing into November, has prevented the farmers from harvesting their corn and also has caused some deterioration in quality where the corn was down badly. Even prior to this development, feed grains were in a strong position and doubtless will continue to give a good account of themselves.

Soybeans. Soybean prices have responded to the very unfavorable weather conditions. Beans that were harvested early were of good quality, but local reports indicate that the wet weather has caused sprouting of beans that were down and swelling of beans in the pods, as well as some shattering. Farmers have been unable to get into the

fields to harvest their beans during the last two or three weeks, and there is serious concern as to the effect of the heavy and continued rains upon both yield and quality. The private crop estimators have reduced their estimates about 5 million bushels. If this rainy weather continues, the estimate will have to be revised downward even further. Soybean meal prices had been sluggish until just recently. With the very heavy feeding program that is ahead of us, if we are to fill the needs for all sorts of animal products, the price of protein concentrates is likely to rise substantially over the next few months.

Those farmers who have a good supply of beans that were harvested before the rains began will be in an exceptionally favorable position to take advantage of the heavy demand for seed beans next spring. It is quite probable that the rainy weather has caused, or may cause, the beans still in the field to show poor germinating quality.

Butter and eggs. In previous issues of the review, we have tended to take for granted the usual seasonal price movements and have indicated strength or weakness after allowance of usual seasonal variations. I find that this leads to some confusion; for example, I may have said that the price of eggs was steady when actually it was rising rather rapidly, as would be expected at this time of the year based upon usual seasonal movements. Egg prices tend to reach their peak in November and decline rather rapidly to March and then remain fairly stable with only a very slight upward trend until July. From July to November, the trend is very steeply upward. This fall, the usual seasonal movement has taken place, but in addition to that, there has been more than a seasonal increase during the past two weeks. The trend of prices after allowance for seasonal movements can be observed by watching the trend of prices of futures which, of course, have

already discounted usual seasonal movements. Wednesday, egg futures reached their highest point since 1930, and fresh egg prices reached a level unequalled in the month of November during the past 12 years. Egg driers are working day and night to fill large government contracts, presumably for export. The domestic demand is strong and, in spite of the recent very heavy production of eggs, there appears to be some concern about the availability of sufficient supplies of fresh eggs. Foreign shipments of shell eggs during August were about three times as large as in the same month of 1940, while exports of dried, frozen, and other egg products totaled almost 6 million pounds, compared to only 14 thousand pounds a year earlier. Offsetting this situation, to a slight extent, was the arrival at New York of 406 thousand cases of Argentina eggs.

The trend of butter prices, after adjustment for usual seasonal variations, was downward from mid-September until November 1. Wednesday, there was a substantial improvement in prices of butter, based partly upon some talk of the possibility of lend-lease shipments of dairy products to Russia and the disclosure of the fact that exports of manufactured dairy products in August were again unusually heavy. The domestic demand for butter is holding up well, but production has been so heavy that prices have not responded nearly so strongly as for a number of other farm products. For that matter, fats have not been nearly so much in demand for export as proteins. Argentine butter is also coming into the United States, although in relatively small quantities.

Livestock prices. Top prices for cattle remained steady during the past week. Receipts of cattle at 12 principal markets are running about 3 per cent heavier than a year earlier, but the number of calves coming to market is substantially below the number received

a year ago. In view of the larger supplies this year, the price of steers is holding up very well.

Hog prices declined slightly during the past week, but less than might be expected on the basis of usual seasonal behavior. Receipts at 12 markets are very substantially below receipts a year ago. This, coupled with a good domestic demand and some exports, accounts for the absence of a more normal seasonal drop in price at this time of year.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared November 13)

Commodity Prices at Chicago

Item	Cash: Wednesday, Nov. 12, 1941	Cash: Week ago	December futures (close): Wednesday	December futures (close): Week ago
Wheat (Number 2 soft red winter)	$ ---	--	$1.13 7/8	$1.17
Corn (Number 2 yellow, new)	.73-.73½	.72-.75	.75 5/8	.78½
Oats (Number 2 white)	.49½-.50	.49½-.50½	.49 3/8	.51 1/8
Soybeans (Number 2 yellow)	1.62-1.64½	1.63	1.65 3/8	1.67 3/8
Butter (92 score)	.37	.36	.3440	.3445
Eggs (current receipts)	.32½	.32	.3185	.3135
Hogs (top price)	10.30	10.60		
Cattle (top price)	12.75	12.75		

Prices of most farm products were steady to higher until Wednesday when there was a serious collapse in grain prices. This collapse followed the publication of the government crop estimate which was released after the close of the markets Monday. The principal characteristic of the government crop estimate was the 50 million bushel increase in corn production and failure to show any substantial decrease in soybean production, in spite of the extremely unfavorable weather conditions during October. Recent rises in prices of corn and soybeans had been based upon weather conditions, that is, upon an

anticipated curtailment in production and deterioration in quality of both corn and soybeans, but particularly of soybeans. As soon as the sun started shining again, there was more of a tendency to discount the previous reports of damage by wet weather. The previous rises in prices of corn and soybeans were not accompanied by significant rises in the sensitive commodity price index.

The war situation. Inasmuch as the development of the war situation will have an important bearing upon agricultural prices in the months and years ahead, this factor should receive continuous attention. At present the German army seems to be almost stopped in northern and central Russia, but is steadily pressing toward the oil fields of the Caucasus both by way of the Crimean Peninsula and around the northern edge of the Black Sea. If Germany is defeated, it will be because of a lack of motor fuel. The longer and more intensive the Russian War, the more Germany is obliged to draw upon her reserve. The Caucasian oil supply would be of considerable help as would that farther south in Iran. Undoubtedly the British army will assist Russia in keeping Germany away from these vital supplies. If the oil can be kept from Germany, the increased output of airplanes by Britain and the United States may become more and more effective in obtaining air supremacy, in destroying German refineries and munition works, and finally, the morale of the German people. This may take a long time, but seems to be the present method of procedure.

Japan finds herself in a very serious predicament. She surely knows the United States will not desert China or Russia, expose the Philippines to Japanese conquest and destroy our access to vital raw materials in the East Indies and China. On the one hand it would be difficult for Japan to give up her conquest of China. Undoubtedly she has no thought of doing that. On the other hand if she goes to war

with the British and American navies, her defeat is practically inevitable. The present conference would therefore seem to be a method of stalling for time in order that the unpleasant day of reckoning might be postponed. The chances of war in the Pacific are increasing.

Should an outbreak of war take place in the Pacific, we shall, for a time at least, be confronted with increased transportation difficulties in that area. Many raw materials would be affected, including tropical vegetable oils, rubber, silk, tin, sugar and manila hemp.

Although at this time the House has not voted on the Senate amendments to the House version of the neutrality act, yet, the present indications point to a war lasting into 1943 with the involvement of additional nations. The United States is and will undoubtedly be involved, and will be inclined to sanction more drastic controls of all sorts of activities including those affecting prices.

Domestic developments. Not a great deal has beenheard during the past week concerning price control legislation. President Roosevelt, however, has publicly expressed himself as being in favor of heavier taxes in the near future. As far as prices are concerned the implications are bearish. Business continues at a high level, however, with every effort being made to increase the production of armaments and related materials.

Most disturbing occurrences during the past week have been the strikes and threats of strikes. Several hundred thousand workers are involved. If the railway strike goes into effect, the entire transportation system of the United States will be tied up and the usual incomes of these striking workers will not be available to purchase farm products and other consumer goods. The long time result

will depend upon the terms of final settlement. If the 30 percent increase in wages for the nonoperating unions is granted and we have increases granted as requested for other unions threatening to strike, these increased wages will add to cost of production and workers' incomes, both of which influences will tend to raise prices. On the other hand, an alternative outcome is for more strict government control of labor in the interests of uninterrupted production for defense. This might be used as a further means of controlling prices through the control of wages.

Commodity prices: Soybeans. Soybean prices have declined drastically during the past two or three days, following government crop estimate releases and improvement in the weather. In this area the fields are waterlogged, and it would appear to take some time for them to dry out. Contrary to some of the stories that were circulated last week, there has been little shattering of beans, I examined some fields last Sunday and found that although the stems were bent over, the pods were not near the ground. There was very little shattering, and combining will be possible without serious loss, unless the beans shatter worse after drying out than is now indicated. The pods were damp and tough and the beans doubtless had a high moisture content, but there was no sprouting or other signs of serious deterioration. Thursday the price of December futures declined more than May futures, indicating that a large flow of beans to market during the next six weeks is anticipated.

Corn. Increase of 50 million bushels in the government corn estimate tended to depress corn prices. All grains declined in sympathy with soybeans. Although I have indicated all along that there is a heavy feeding program ahead of us which will support corn prices, yet, it must be recognized that for the next few months the

large production of corn this year, combined with a very heavy carryover of corn, and ample supplies of other feed grains may tend to hold corn prices down early in the year. No particular strength can be anticipated in either corn or soybeans for the next few weeks if weather remains favorable for harvesting.

Wheat. There have been no developments of importance affecting wheat prices during the past week. They declined in sympathy with other grains.

Livestock products. Top prices for hogs declined during the past week, influenced mostly by larger receipts. During recent weeks hog receipts have been lower than in the preceding year. During the month of October, receipts at 12 markets were 20 percent below October a year ago. However, during the week ending November 8, receipts at these 12 markets were more than 4 percent higher than a year earlier. Top prices for choice steers and heifers have remained stable at last week's figure. Receipts continue to be heavier than last year for steers, but smaller for calves. Butter prices in the cash market have been strong during the past week, and futures have been about steady. Egg prices have also been steady to strong.

The fruit situation. Total fruit production for 1941 season is estimated to be about 3 percent greater than in the preceding season. The slight decrease in citrus fruits will be more than offset by the increased production of deciduous fruits. This increase of production probably will more than offset the improvement in consumer demand. Prices during 1941-42 are not expected to exceed the 1940-41 prices. Commercial apple production is heavy. Production of winter oranges is expected to be almost as large as last year, but grapefruit production will be curtailed.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared November 21)

Commodity Prices at Chicago

Item	Cash: Wednesday Nov. 19, 1941	Cash: Week ago	December futures (close): Wednesday	December futures (close): Week ago
Wheat (Number 2 soft red winter)	$ —	$ —	$1.14 5/8	$1.13 7/8
Corn (Number 3 yellow, new)	.67-.69	.71-.72½	.74	.75 5/8
Oats (Number 2 white)	.50½	.49½-.50	.49 3/4	.49 3/8
Soybeans (Number 2 yellow)	1.58½-1.60	1.62-1.64½	1.61 3/4	1.65 3/8
Butter (92 score)	.35 3/4	.37	.3375	.3440
Eggs (current receipts)	.34½	.32½	.3120	.3185
Hogs (top price)	10.40	10.30		
Cattle (top price)	13.00	12.75		

During the past week, corn and soybean prices declined; wheat remained about steady; oats improved somewhat; butter declined in price, but eggs, hogs, and choice steer prices increased. About the same relationship relative to a week ago existed for December futures, except that egg futures declined slightly in contrast to the 2-cent rise in cash prices.

Industrial production. The Board of Governors of the Federal Reserve System reports industrial activity for October at 164 per cent of the 1935-39 average. This compares with 161 per cent in September, 160 per cent in August, 160 per cent in July, and 159 per cent in June. The great increase in industrial production occurred prior to June, 1941;

since which time it has leveled off. The 3 per cent increase during the last month is the first substantial increase we have had for some time and indicates that the demand for farm products will be further strengthened by this improvement if it continues.

The strike situation has not improved during the past week. The mine strikes are causing steel plants to close their blast furnaces. For the month of October, steel output was 99 per cent of capacity but eased slightly in the first half of November. Coal production declined somewhat in October and early November. Construction permits declined slightly in October, particularly for publicly financed work. There was an increase in privately financed projects. Awards for residential building failed to show the usual seasonal increase at this time.

The Bureau of Labor Statistics index of the cost of living increased two points in October to 108 per cent of the 1935-39 average. This increase in cost of living has not been as great as the increase in consumers' incomes, and the purchasing power of consumers has increased substantially.

Although the new reserve requirements which went into effect November 1 reduced their excess reserves to 3½ billion dollars, loans and investments of Federal Reserve Member Banks continued to increase during October and the first half of November. That means that additional buying power is being added to the current supply of funds.

Although we have heard considerable comment by Washington officials to the effect that we shall have to do without a great many conveniences and luxuries during the coming months and for the duration of the war because of shifting from "business as usual" to defense efforts, nevertheless, there will be enormous sums of money available to spend for consumer goods that are produced. Agriculture will certainly receive its share of this income. With the increased production of

agricultural products, this improvement in demand may merely prevent a decline which would otherwise take place, but it is more likely that prices will rise further in response to this improvement in demand.

Commodity prices: Wheat. Wheat prices declined slightly Saturday but have since recovered all their decline and remain practically unchanged from a week ago. England purchased another 120 million bushels of wheat from Canada during the past week, part of which may be relayed to Russia. Secretary Wickard has re-emphasized the burdensome character of wheat supplies in the United States and offered little hope that sales of United States wheat to Russia would materially reduce our surplus.

Corn. Corn prices have declined during the past two weeks. A mild recovery got under way Wednesday, partially in response to the announcement of the loan rates on corn. In spite of the differential in loan rates, it still seems that the loan offered Iowa corn farmers is high relative to other parts of the corn belt. If that is the case, it will have a tendency to prevent the increase in the production of livestock in the western corn belt and may cause more corn to be placed under loan than would otherwise have been the case. The average loan rate for the State of Illinois is 75.6 cents; for Iowa, 73.1 cents; and for Indiana, is 75.0 cents.

Soybeans. Soybean prices have been influenced by the weather to a considerable extent. The reports concerning damage are quite conflicting. Considerable damage is reported in some sections of Iowa, but locally there is very little damage. Farmers around here have been inclined to harvest their corn first and let the beans stand, evidently feeling that the beans were in a condition to withstand more wet weather than was the corn. The receipts of soybeans at central markets have been relatively small for this time of year, and there has

WEEKLY MARKET REVIEW AND FARM OUTLOOK

by G. L. Jordan
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(Prepared December 12)

Commodity Prices at Chicago

Items	Cash: Thursday December 11, 1941	Cash: Week ago	May futures (close): Thursday	May futures (close): Week ago
Wheat (Number 2 soft red winter)	$ --	$ --	$1.30	$1.22 7/8
Corn (Number 3 yellow, new)	.74 3/4-.78	.72-.75½	.84 7/8	.81½
Oats (Number 2 white)	.56 3/4-.57 3/4 (No.1)	.52-.52½	.56 3/4	.53 3/4
Soybeans (Number 2 yellow)	1.74-1.75½ (No.3)	1.63¼-1.65½	1.81 7/8	1.72 3/8
Butter (92 score)	.34 3/4	.34½	.3375 (Jan.)	.3325 (Jan.)
Eggs (current receipts)	.33½	.32	.3235 (Jan.)	.2975 (Jan.)
Hogs (top price)	11.00	10.15		
Cattle (top price)	14.00	13.50		

With declaration of war, first with Japan, and later with Germany and Italy, prices of practically all agricultural products advanced rapidly. Soybean, wheat, butter, egg and flaxseed futures advanced to and closed at top permissible daily limit on Monday. Tuesday they were limited to Monday's maximum figure. Wednesday, the former arrangements were reestablished for all grains except soybeans. Thursday, soybean futures were permitted to advance six cents, the usual daily limit. Thursday's limit was retained Friday. Fats and oils, protein supplements and commodities imported from the Pacific area showed extreme strength upon the declaration of war. Trading in futures was suspended Tuesday in cocoa, coffee and pepper. Rubber has been under government

control for some time. Trading in cocoa was resumed Wednesday noon, but coffee and pepper remained closed.

Top prices for choice steers reached $14 Wednesday and Thursday, and hogs made a new top of $11.20 Friday. Egg prices made a nice recovery from last week, but butter gained only about one-half cent.

One of the contributing factors to the price rise, particularly of wheat, was Senator McNary's statement Thursday, that no price control legislation would be considered before January. Price control legislation is the only factor that was expected to be made available in time to prevent further price rises of farm products.

The effects of the war. The tendency during the major wars is for prices to rise, largely because additional purchasing power is provided by means of government borrowings from banks on an immense scale. Wages tend to rise because of the greatly increased demand for skilled labor, as the result of increased industrial production and the reduction in man power, caused by an expansion of the armed forces. As wages rise, costs of production rise; this increases costs of living; labor asks for higher wages; and an upward spiral is under way. Where war at sea is involved, costs of imported articles rise rapidly because of an increase in marine insurance and transportation rates, and because of actual restriction on the volume of imports.

Prices of pepper, cocoa and other tropical products, rose because of the probability of a great restriction in imports of these products. Soybeans were affected because of the probable restriction on imports of coconut oil, copra and other tropical vegetable oils from both the Pacific area and West Africa. Keeping in mind that there are nine pounds of oil to each bushel of soybeans, an advance in the price of oil of one cent a pound would justify an advance of nine cents a

bushel in the price of soybeans. Tuesday, the soybean processors advanced the price of meal $3 a ton. Large refineries were reported to have purchased 6 million pounds of soybean oil, Tuesday, and another 2 million pounds, Wednesday. We are not only exporting more fats and oils to Great Britain, but domestic consumption has greatly increased, particularly for industrial uses. This demand can be expected to continue to increase and the available supply to decrease until the new crop becomes available.

With full-fledged entry into the war, we are now hearing estimates of an armament program calling for 150 billion dollars, on top of appropriations already made of approximately 70 billion dollars. These sums are enormous and almost beyond human comprehension. Although some drastic steps to prevent inflation will undoubtedly be undertaken, it is doubtful if they will be adequate or be adopted soon enough to prevent further rises in prices.

Leon Henderson, of the Office of Price Administration is reported to have requested permission to fix agricultural prices at 100 per cent of parity. With the present emergency facing all of us, and the unity and cooperation that has developed during the current week, it will be possible to establish more drastic regulation than would have been possible two weeks ago. On the other hand, it will be difficult to establish prices that will not interfere with the production program. One of the chief functions of prices is to allocate resources and energy, based upon the changing demands for the various products. To date, the demand for animal products has been so great that in spite of a greatly increased quantity, prices are in many cases above parity. If prices of animal products are limited to parity, it might prevent reaching the goals which have been established for production of animal products. There are some products, such as soybeans, for which

no parity has been established. If price relationships between soybeans and corn, for example, during the past five years were used, parity prices of soybeans would be about $1.30. At that figure the only way to get the increase of soybean acreage as called for in the goals would be to forbid farmers to put the usual acreage in corn. Certainly the actual need for the products should be taken into consideration in establishing ceiling prices for farm products.

Probable food supplies. Grocers indicated that there was a sharp increase in purchases of canned pineapple, sugar, flour, soap, spices and tea, Monday. Most of these purchases were attributed to thriftiness rather than hoarding. It is not expected that spices and tea will be as plentiful as before the war, but no acute shortage is expected. Plenty of coffee will be available from Brazil, Columbia and Central America, the usual sources of supply. The supply of cocoa is the largest in the nation's history and adequate for 11 months. There will be enough fats and oils available to produce all the soap that is needed. Sugar imports may be greatly restricted from the Philippines, but plenty of sugar will be available from Cuba, Hawaii, Puerto Rico and Continental United States. We shall have plenty of cereals and animal products, unless a severe drouth should limit crop production some time in the near future. With a larger number of men in the armed forces, food consumption is expected to expand, but not to the point where rationing would come to be a general practice.

150TH ANNIVERSARY

OF THE

BILL OF RIGHTS

December 15, 1941

Freedom of assembly
Freedom of speech
Freedom of press
Freedom of religion
Equal justice to all

A Noble Heritage

And A

Sacred Trust

The American Bill of Rights was ratified on December 15, 1791. The Sesquicentennial Anniversary is celebrated throughout the nation in accordance with a Joint Resolution of Congress and a Proclamation of the President.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared December 19)

Commodity Prices at Chicago

Item	Cash Thursday Dec. 18, 1941	Cash Week ago	May futures (close) Thursday	May futures (close) Week ago
Wheat (Number 2 soft red winter)	$ --	--	$1.26 1/8	$1.30
Corn (Number 3 yellow, new)	.75-.78	.74 3/4-.78	.83½	.84 7/8
Oats (Number 2 white)	.57-.57½	.56 3/4-57 3/4	.56¼	.56 3/4
Soybeans (Number 3 yellow)	1.61-1.64	1.74-1.75½	1.74¼	1.81 7/8
Butter (92 score)	.34 1/4	.34 3/4	.3270 (Jan.)	.3375 (Jan.)
Eggs (current receipts)	.31 1/4	.33½	.3105 (Jan.)	.3235 (Jan.)
Hogs (top price)	11.25	11.00		
Cattle (top price)	14.50	14.00		

The past week was characterized by extreme declines in the prices of wheat, soybeans, and eggs; steady prices for corn and oats; and higher prices for hogs and cattle. Upon the declaration of war, prices of soybeans and soybean products, lard, and feed grains rose rapidly. Wheat also participated in the rise. However, the trend was reversed when the Office of Price Administration set upper limits for fats and oils far below the then current prices. In general, prices of corn-belt farm products have not recovered from that shock; in fact, soybean and feed grains are actually worth less now than they were on December 11, because of the limitation on the price of soybean oil and lard. Wednesday the government also indicated the basis upon which it was willing to release government owned wheat. This will have a tendency

to place the ceiling on wheat prices although the terms suggested would call for prices somewhat higher than the current level.

The price of corn recovered rather quickly from the setback of December 12. This could be accounted for by the strength shown in prices of hogs, beef cattle, and milk. All feed grains seem to be in a rather strong position. Soybean meal was marked down $4.00 a ton early in the week, but has since recovered more than one-half the loss. Cash corn prices are practically the same as a week earlier. Oats has also shown considerable strength.

The immediate outlook. Barring unforeseen developments, the outlook for the coming week would seem to indicate steady to higher prices for hogs, choice beef cattle, and feed grains. Soybean prices are about high enough if the ceiling on soybean oil is retained at 9 3/4 cents. Mr. Henderson, Price Administrator, has promised to give further consideration to the limits imposed upon fat and oil prices. Should the ceiling price be raised, soybeans could go higher. The increase to be expected would be about 9 cents a bushel for every one cent rise in the price of oil. The price of soybean meal will probably fluctuate with the price of corn, both being in a fairly strong position without any spectacular advance expected for either. Wheat prices could fluctuate several cents in either direction. The loan program is a supporting factor, and the enormous stocks on hand, plus the government's willingness to sell, sets a ceiling on wheat prices. Butter prices are not expected to move very much in either direction. This is the month in the year in which butter prices usually reach their peak, followed by a moderate decline every month until the low point is reached in June or July. This year butter prices are being held down because of very large storage stocks and continued heavy production. Excellent late pastures and relatively cheap feeds have been important factors affecting pro-

duction. Egg prices have fluctuated from week to week. During the past week they have shown considerable weakness, but a cold snap could cause a substantial recovery in prices. We have had an open winter and egg production has been heavy. Fresh eggs dropped 3½ cents in price Wednesday to 33½-34 cents, which was 6½ cents under the twelve-year peak reached in November. Thursday it was reported that the government had reentered big wholesale trading centers for fresh eggs, and the price showed some recovery.

The effects of the war. War news from Europe and Africa has been very encouraging, but the situation in the Pacific is not so clear. It has been reported that the sinking of merchant ships in the Atlantic has fallen off considerably in the last few months, and as a result there are some reductions in marine insurance rates this week affecting shipments in the Atlantic. The regular sea lanes to the East Indies are of course closed, and shortages are likely to develop in connection with those commodities for which we depend upon the Orient. Such commodities will probably be placed under government control, and supplies allocated in such a way as to promote maximum war efforts. Tropical vegetable oils are the only commodities affected that compete seriously with corn-belt products.

With plans under way for a greatly increased armed force, the demand for foodstuffs is expected to increase. Although hog numbers and the production of all animal products are expected to increase, the improvement in demand will provide satisfactory returns to corn-belt farmers.

Governmental activities affecting prices. Saturday, December 12, the Office of Price Administration issued an order establishing ceiling prices on several hundred fats and oils, including lard, soybean oil, and cottonseed oil, but excluding butter. Maximum prices are those

in effect November 26. It so happens that the November 26 prices are the lowest for some weeks, and considerably below the prices on December 11, the last day of unrestricted trading. Although the establishment of the prices at the recent low rather than at the current level may lead one to suspect unnecessary recourse to the emotions, the fact that imports of tropical vegetable oils will be greatly restricted by the outbreak of the war with Japan suggests that some sort of control was desirable. It may be that after the Office of Price Administration has time to study the relationships between the various fats and oils, the need for increased production and the alternative methods of bringing about increased production, there may be some upward adjustment in prices, both of lard and soybean oil. It is not probable that there will be any further reduction in the prices of these fats and oils.

It would not be surprising to see more and more regulation, particularly in connection with imported commodities or those of quite limited supply. Prices of staple agricultural products will doubtless be tied to parity by legislation.

The House and Senate conferees agreed upon an extension for five years of the 85 per cent of parity loans for the five basic commodities, wheat, corn, cotton, tobacco, and rice. The bill also provided for a five-year extension of the Federal Soil Conservation Law.

Secretary of the Treasury, Henry Morgenthau, Jr., made a plea for citizens of the United States to invest in defense bonds to the "... very limit that each person can afford without actually taking food or other necessities from his family." The secretary had two objectives in mind: first, to finance the enormously increased expenditures for war purposes, and second, to prevent inflation by withdrawing people's incomes from the consumer market. Although he indicated that a voluntary method would be used, it was also pointed out that there would

probably be both a drive for periodic payroll allotments for the purchase of bonds, and a door-to-door canvass for pledges in order "...to reach quickly within the next few months, every single recipient of regular current income in the United States, and to have every one of the 35 million people setting aside some part of their pay regularly within the shortest possible time." If the treasury is able to obtain from individuals contributions of several billion dollars in the form of purchases of government bonds, and in addition obtains several billion dollars more through increased taxation, to that extent the effect of the greatly increased national income resulting from armament expenditures will be nullified and future price rises moderated.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared November 13)

Commodity Prices at Chicago

Item	Cash: Wednesday Dec. 24, 1941	Cash: Week ago	May futures (close): Wednesday	May futures (close): Week ago
Wheat (Number 2 soft red winter)	$ --	$ --	$1.26 1/8	$1.26 1/8
Corn (Number 3 yellow, new)	.76½-.77	.75-.78	.83¼	.83½
Oats (Number 2 white)	.56	.57-.57½	.55 7/8	.56¼
Soybeans (Number 3 yellow)	1.65¼-1.69	1.61-1.64	1.77 5/8	1.74¼
Butter (92 score)	.34	.34¼	.3290 (Jan.)	.3270 (Jan.)
Eggs (current receipts)	.30 3/4	.31¼	.3115 (Jan.)	.3105 (Jan.)
Hogs (top price)	11.60	11.25		
Cattle (top price)	14.75	14.50		

This past week was characterized by slight declines in the prices of oats, butter, and eggs; steady prices for corn; and slightly higher prices for soybeans, hogs, and cattle. Extreme declines in prices caused by the shock of war have been pretty well ironed out, and price fluctuation, both upward and downward, has been within a narrow range. Soybean prices were strengthened by the suggestion of Leon Henderson that it would probably be necessary to change the ceiling upward on cottonseed oil. Corn prices were strengthened from the low of the week by the government estimate of a large increase in the pig crop.

The year 1941. On this last Friday of 1941 it seems proper to review the developments of the year as they affect the economic welfare of Illinois farm families.

What has happened to farm prices and purchasing power? The farmer is interested in actual prices because they affect his net income and ability to pay debts, taxes and interest which change very slowly. His greatest interest lies, however, in changes in prices he receives in relation to his expenses and in the volume of goods he has to sell.

In general Illinois farmers had a large volume of products to sell at favorable prices. Corn yielded 52.5 bushels in Illinois compared to 43.0 bushels in 1940 and 36.2 bushels for the 10-year average 1930-39. Other yields were as follows (1941, 1940, and 10-year average in that order): Wheat, 20.0 bu. (22.5) (18.0); oats, 43.0 bu. (48.0) (30.2); hay, 1.34 tons (1.30) (1.23); and soybeans, 21.5 bu. (17.5) (19.1). There was also heavy production of apples, peaches, and pears in Illinois in 1941.

Illinois farm prices for November 15, 1941, were from 12% above November 15, 1940, for beef cattle to almost 72% above for soybeans and hogs. The price of apples was slightly lower in 1941 because of the large crop this year and small crop in 1940.

When measured as a percentage of parity, U. S. farm prices varied greatly during the year. As of November, 1941, hog prices as percentage of parity gained 33 points over the November 1940 figure. Other items more nearly approaching parity during the year were: potatoes (gain 16 points); eggs (+14); turkeys (+13); apples (+11); wheat (+9); oats (+9); barley (+8); rye (+6); butterfat (+5); chickens (+5); and hay (+3). Beef cattle were 119% of parity in both November, 1940, and November, 1941, and corn declined one point. Rye was still only 53% of parity but rice, milk, beef cattle, veal calves, lambs, wool, and some speciality crops were above parity November 15, 1941. Wool ranked highest at 140% of parity.

The improvement in prices, especially in conjunction with increased production, was made possible by the great increase in incomes of large fractions of the population and was materially aided by government purchases for lend-lease purposes. In November, 1940, the Federal Reserve Board's index of industrial production was 134 per cent of the 1935-39 average; in November, 1941, the index stood at 166, a gain of 32 points, or about 24%. The percentage increase in factory pay rolls was almost twice as much as the increase in industrial production. This was the result of higher wage rates and increased employment, part of which was overtime at 1½ to 2 times the regular hourly rate of pay.

Real estate values, both of farm land and city residential property, have increased during the year. Bond prices are practically the same as a year ago but stock prices have declined drastically. In fact indexes of industrial stock prices declined Monday to a new low since the heavy sell-off in the spring of 1938. Railroad and utility stocks are depressed because of increasing costs without compensating increases in revenue plus heavy corporate income taxes. Industrial stocks have been depressed by heavy taxation and the anticipation of yet heavier taxes.

General outlook for 1942. The year 1942 will witness more and more governmental controls over the entire economy including agriculture. Price control is practically certain and scarce commodities will be allocated where most needed for war purposes. Taxes will be substantially increased. Pressure will be used to encourage or enforce savings and the purchase of government bonds. Speculation will be curbed. Although some further moderate price rises appear likely no great inflationary rise in prices is probable during 1942.

If weather conditions permit average or better yields in 1942, farm income is expected to be at a high level. Prices will be favorable

unless there is a drouth. Ceiling prices with little to sell could adversely affect farm income. Farmers will be encouraged to pay off debts and buy government bonds. Speculation in farm land will be discouraged but land values may rise further on the basis of relatively favorable current returns and purchases of real estate may be made as a hedge against inflation. Purchases of either farm land or city property should be made only with a minimum of 60 to 75 per cent cash in hand and the balance to be paid in installments that call for annual reductions in the debt. Some provision for prepayments that may be used later to offset payments then coming due would help to safeguard the investment. Farm families that accumulate property from generation to generation frequently follow the policy of paying off debts and accumulating cash (or government bonds) during periods such as these and pick up bargains from overextended neighbors during depression periods.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared January 2)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday December 31, 1941	Week ago	Wednesday	Week ago
Wheat (#2 soft red winter)	$ --	$ --	$1.26 7/8	$1.26 1/8
Corn (#3 yellow, new)	.77½-.79	.76½-.77	.84	.83¼
Oats (#2 white)	.57¼	.56	.55 7/8	.55 7/8
Soybeans (#3 yellow)	1.67¼-1.71½	1.65¼-1.69	1.79¼	1.77 5/8
Butter (92 score)	.34¼	.34	.3265 (Jan.)	.3290 (Jan.)
Eggs (current receipts)	.31	.30 3/4	.3120 (Jan.)	.3115 (Jan.)
Hogs (top price)	11.30	11.60		
Cattle (top price)	14.75	14.75		

Except for hogs, prices of farm products were steady to slightly higher during the past week. Wheat prices fluctuated over a very narrow range. Cash corn rose one to two cents a bushel, and futures rose three-fourths cent. Cash oats gained one cent, and futures were steady. The most substantial gain in grain prices was in soybeans, with a rise of about two cents in both cash and futures markets. Butter prices were steady to a little higher in the cash market, but slightly weaker in the futures markets. Eggs at Chicago were steady to slightly higher, but on the Yorkville auction they were down about one cent for the better grades, and two and one-half cents for the lower grades. Prices for hogs were thirty cents below the previous week, but top prices for choice and prime steers were unchanged.

There has been no revision announced yet in connection with the ceiling prices of soybean oil, cottonseed oil and lard. However, industrial users of vegetable oils are permitted to keep in stock only enough oil to last them 90 days. In other words, they are not permitted to go into the market and buy up extremely large supplies. Soybean meal, however, has increased about a dollar a ton during the past week which accounts for the two cents rise in cash prices for soybeans, and a three-cent rise in the price of futures. For every dollar increase in the price of meal, the value of the beans is increased approximately two and one-half cents. The price of soybeans is in line with the present value of oil and meal. Any further improvement in the price of oil would tend to suggest higher prices for soybeans. Under date of December 15, 1941, the American Soybean Association requested that the price of soybean oil be adjusted so that it would be more nearly in line with the price of cottonseed oil, based upon the relationships that existed during the past three years. The differential now is one and one-half cents below cottonseed oil prices. The association is suggesting a figure about three-fourths cent below cottonseed oil prices.

The opinion of economists. Because of the tendency for specialists to be unduly influenced by and to overemphasize some special feature of the economic situation which he feels is being neglected, it is quite worth while to use every opportunity to learn, either through the printed or spoken word, the best judgment of his colleagues. During the past week, economists and agricultural economists from all over the United States assembled in New York City. Major emphasis was placed upon the effects of the war upon our economy and possible or probable post-war developments. The general concensus of opinion is that the war would last from two to five years, and that the national debt would

probably reach 120 billion dollars. That figure would seem to agree fairly well with President Roosevelt's suggestion that it would take about one-half of our national income of 100 billion dollars next year for war purposes. Another newspaper report suggested defense expenditures of one billion dollars a week for the duration of the war.

A great deal of attention was devoted to possible methods of preventing price inflation under circumstances calling for enormous government expenditures, with more and more restrictions upon the volume of goods available for sale to consumers. It is a general belief that price ceilings will help to prevent drastic inflation, particularly if the limitations are imposed upon the prices of practically all commodities. The other alternatives for preventing inflation would be to take away this income in excess of the amount needed to purchase commodities at present prices, either by means of taxation or some sort of "enforced savings." So far, neither Congress nor the President has been willing to raise taxes or enforce savings adequate to finance the war out of current income. Most of the financing has been done through sale of government securities to banks. In the absence of comprehensive direct price control, a serious inflation would probably result if financing through the banking system were continued.

It is generally conceded that a post war boom or inflationary price rise is likely. It would be based upon the need to replenish consumer goods, some shift in factory output and the relaxation of restrictions on credit. One speaker emphasized the probability of what he called a post post-war collapse, that is, that we would have a collapse, but it would be deferred for some time after the war ended. However, other speakers thought there might be some means developed

whereby such collapse could be prevented, possibly through public works or some other comparable procedure. The present job, of course, is to produce more and more goods for war purposes and to restrict the use of competing goods by consumers.

As far as agriculture is concerned, there was a great deal of emphasis placed upon the need for a heavy consumption of foodstuffs for the general health and well being of the people in the country. This would mean either some means of keeping employment at a high level after the war, thereby maintaining the demand for farm products, or subsidizing low income families in such a way that they would have plenty of food. At least one speaker was of the opinion that there was less likelihood of the continuation of subsidies to the farmer in the form of benefit payments and that the effort would be directed to getting large quantities of foodstuffs into the hands of the consumer. At any rate the production of cotton and wheat would have to be curtailed, but a high level of production of livestock products, fruits and vegetables would be continued. The aim would be a general advance in the planes of living of the American people.

It seems to me that not enough attention was given to the fiscal and other problems that would have to be faced after the war, in order to service the public debt, and at the same time provide food for the needy and satisfactory incomes to farmers, laborers and other workers. So long as the government can increase its debt, it is possible, of course, to provide a temporary prosperity, or at least avoid serious depression. With the necessity to spend enormous sums for war purposes and the likelihood that the federal debt will be doubled or tripled, one wonders to what extent government spending can be continued after the war in order to prevent post-war depressions. It is not at

all unlikely

that a more conservative government might be elected, and that emphasis might be placed upon debt reduction after the war. At any rate a conservative attitude with respect to further personal indebtedness would seem to be a good policy for Illinois farmers to follow in 1942.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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College of Agriculture

(Prepared January 9)

Commodity Prices at Chicago

	Cash			May futures (close)	
	Thursday January 8, 1942	Week ago	Oct. 1 or 110% of parity	Thursday	Week ago
Wheat (number 2 soft red winter)	$ --	$ --	1.40	$1.28 5/8	$1.26 7/8
Corn (number 3 yellow, new)	.80 3/4-.81 3/4	.77½-.79	1.02	.85½	.84
Oats (number 2 white)	.58½-.60½	.57¼	.63	.58½	.55 7/8
Soybeans (number 3 yellow)	1.73-1.75 3/4	1.67¼-1.71½	1.81*	1.82	1.79¼
Butter (92 score)	.35	.34¼	.46	.3395 (Jan.)	.3265 (Jan.)
Eggs (current receipts	.32	.31	.42	.3200 (Jan.)	.3120 (Jan.)
Hogs (top price)	11.85	11.30	11.50*		
Cattle (top price)	14.75	14.75	12.75*		

* October 1, 1941 Chicago prices (others 110% of parity, farm prices)

Top prices for beef steers remained steady during the past week, but prices of all other principal farm products increased. Most of the increase in grain prices took place Friday, January 2, as a result of the raising of the ceiling prices of fats and oils. This affected soybeans and hogs directly, and corn and other feed grains indirectly. No ceiling has been placed on butter prices so they were not greatly affected. During the rest of the week, fluctuations in

grain prices were of a minor nature. Greatest increases for the week were in the prices of soybeans, corn, oats and hogs. The cold weather also brought about a contraseasonal gain in egg prices this week of one cent a dozen.

Implications of the program proposed by President Roosevelt. The general public doubtless gasped and then smiled with pleasure at the suggestion that the United States must and would produce 60 thousand planes, 45 thousand tanks, 20 thousand anti-aircraft guns and 8 million tons of shipping in 1942. That is as pleasant news for patriotic Americans as it must be bad news for the Axis. This rate of production is to be greatly expanded in 1943. We received this information on January 6. January 7, the President's budget message called for 58.9 billion dollars for the coming fiscal year, July 1 to June 30. A net deficit of 35.4 billion dollars for 1942-1943 and a public debt at the end of the period of 110.4 billion dollars were forecast by the President. Of this budget of 58.9 billion, the deficit of 35.4 billion will have to be borrowed; the balance, 23.5 billion, will be paid from taxes. This will call for an increase in taxes of 9 billion dollars, or about 60 per cent. It is expected that 7 billion of the new taxes will come from general taxation and 2 billion from social security taxes. There will be an attempt to make some reduction in non-defense expenditures including those for agricultural programs.

A net deficit of 35 billion dollars in one year suggests, in the absence of further qualifications, a substantial inflationary rise in prices. Whether we have a rise in prices would depend upon two things: (1) Whether the 35 billion dollars will be borrowed from individuals and corporations out of current income, or whether it will be borrowed from banks and (2) the extent of price fixing. If we loan the government 35 billion dollars out of our current income, we wouldn't

have enough money left to bid up the prices of consumer goods or property to any great extent. However, if our financial contribution as individuals to the war effort were limited to an increase of 9 billion dollars in taxes, there would still remain a very large income from war expenditures which could be used to bid up the prices of available goods and services or equities. The government will certainly make every effort to obtain the maximum amount of savings from individuals and the minimum amount from banks. It is entirely possible that some sort of forced savings in addition to increased social security may be resorted to. England is even now taxing juveniles and all others earning in excess of $8.40 a week. All people earning below about $9.60 a week will receive back at the end of the war their entire payments that they are now making to the government. This is a method of forced savings.

It is doubtful if the government will be able to siphon off through taxes or savings all of the additional income that will result from the enormous increase in government expenditures. That being the case, it would not be at all surprising to see the prices of practically all corn-belt farm products, with the possible exception of wheat, rise to the maximum permitted by legislation about to be enacted, which would permit top prices of 110 per cent of parity or October 1, 1941, prices, whichever were higher. A new column is added to the table this week showing about what these prices would be for the eight products listed. In only three instances are October 1 prices higher than 110 per cent of parity. Those are hogs, cattle and soybeans.

Livestock. Hog prices have shown further improvement, and seem to be following the usual seasonal pattern which would point to an average January price of 50 cents a hundredweight above the December

price. It is worth examining the supply situation in connection with any forecast of likelihood of agreement with, or variation from, usual seasonal movements. According to the December report, the 1941 spring pig crop of the North Central States was 2 per cent above the 1940 spring pig crop. The Illinois figures were 4 per cent higher. This increase in production would have suggested a corresponding increase in receipts during the fall and winter months. However, receipts of salable hogs at 12 markets for the early winter season, October to December inclusive, were almost 14 per cent smaller than for the comparable period of 1940. December receipts were down 1.7 per cent, but for the week ending January 3, the receipts were 15 per cent above the comparable week a year earlier. This would suggest delayed marketing associated with heavier weights per animal, which might tend to prevent a rapid seasonal advance during the next few weeks. However, the demand for pork and lard is strong, and hog prices have been helped by the recent increase in the ceiling price for lard. Exports of lard to Mexico were substantially higher in 1940-41 than in 1939-40 and exports under the lend-lease can be expected to be maintained at a high level.

Cattle receipts at 12 markets for the season beginning December 1 have been 25 per cent higher than a year earlier. For the week ending January 3, receipts were 8.6 per cent higher than the preceding year. Receipts of calves for the month of December were up 17 per cent, and for the week ending January 3, down 3 per cent compared with a year earlier. This increase in calf receipts in December was contrary to the trend during earlier months. Choice and prime steers made up 40.4 per cent of total beef steers received at Chicago during December, in contrast to only 21.6 per cent classifying as choice and prime a year earlier. A much smaller percentage of medium grade is being received.

Farm costs. Prices received by farmers increased much faster during 1941 than prices paid by them, and net incomes are accordingly increased, inasmuch as the increased prices received were not offset by a decline in the volume of production. For 1942, however, prices paid by farmers are expected to rise substantially, but not enough to offset the increase of prices received. As a whole, prices received should be close to, or slightly above, parity.

The largest prospective increases of prices paid by farmers are for feed, automobiles and tractors, building materials, feed containers, and many small items of equipment and supplies. Farm wage rates will also be substantially higher. Moderate advances are expected in prices of farm machinery, fertilizer, gas and oil and possibly taxes.

As of October 1, 1941, average wage rates paid to hired labor in Illinois were as follows: per month with board, $42.00 ($33.25 in 1940); per month without board, $53.75 ($43.75 in 1940); per day with board, $2.40 ($1.80 in 1940); per day without board, $2.95 ($2.30 in 1940). Not only have wage rates increased during the past year, but farm employment has declined substantially. For the United States as a whole as of November 1, 1941, there were almost one-half million fewer persons employed in agriculture than on November 1, 1940. Family workers as of November 1, 1941, were 7,843 thousand; November 1, 1940, 8,139 thousand. Hired farm workers November 1, 1941, were 2,577 thousand compared with 2,763 thousand a year earlier. The numbers of both farm and hired workers were at the lowest levels since 1925. The increased costs of hired labor, brought on both by inducements offered in industry and increased size of military forces, will undoubtedly induce farmers to use more labor saving machinery. This tendency may also prevent as great an increase in the production of animal products as may be desired, inasmuch as livestock farms require lots of labor.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared January 16)

Commodity Prices at Chicago

	Cash		May futures (Close)	
	Thursday January 15, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ —	$ --	$1.31	$1.28 5/8
Corn (No. 3 yellow, new)	.80½-.81½	.80¾-.81¾	.86 1/8	.85½
Oats (No. 2 white)	.60½-.61¼	.58½-.60½	.59 5/8	.58½
Soybeans (No. 3 yellow)	1.79-1.83¼	1.73-1.75¾	1.89 3/8	1.82
Butter (92 score)	.35¾	.35	.3430 (Jan.)	.3395 (Jan.)
Eggs (current receipts)	.33½	.32	.3300 (Jan.)	.3200 (Jan.)
Hogs (top price)	11.50	11.85		
Cattle (top price)	14.50	14.75		

Thursday, the United States Department of Agriculture announced new goals for corn and placed special emphasis upon the need for increased production of oil bearing crops including peanuts, soybeans and flaxseed. The corn acreage goal was raised from 90 million to 95 million (5.5 per cent) (10 per cent for the commercial corn area); peanuts, from 3½ million to 5 million (43.0 per cent); soybeans, from 7 million to 9 million (28.5 per cent); and flax from about 3.4 million to 4.5 million (33.6 per cent). Other goals set for 1942 included the following: eggs, 4.2 billion dozen (up 5 per cent); hogs for slaughter, 83 million head (up 4.7 per cent); and substantial increases in canned peas, canned tomatoes, and dry beans. The new loan rate for soybeans is $1.60 a bushel, farm basis, for No. 2 yellow beans or recognized varieties

of high oil content. This compares with the previous loan rate of $1.05 a bushel. Prior to the announcement of these new goals soybeans had risen in price 6 to 7 cents a bushel; wheat about 2½ cents; corn 1 to 2 cents; butter a fraction of a cent; and eggs 1½ cents. Top prices for hogs and beef cattle had declined fractionally. This is the season of the year in which choice and prime steers tend to decline somewhat in price, with the low price usually being reached in May. That is not true for good, medium and common steers, however. Ordinarily prices of these grades, particularly of the lower grades, tend to remain steady to strong during late winter and spring months. Although the peak of movement of hogs to market is usually over about this time of year, the situation this year is somewhat different than usual because of the hold-back of hogs on the farm and feeding to heavier weights as indicated in last week's market review. According to opening prices, Friday, the new goals caused no very substantial change in prices. No weakness was apparent in any case. There was some strength in the prices of soybeans and hogs.

Pork and lard. Cold storage holdings of pork January 1, 1942, were 469 million pounds compared to 656 million pounds a year earlier. Cold storage holdings of lard have also been greatly reduced, current holdings being 180 million pounds, compared to 237 million pounds a year ago. Pork holdings are now considerably below the 1937-41 average, and lard holdings are not excessive. The improvement in domestic demand and lend-lease activities has made possible this liquidation of our excessive stocks of both pork and lard at favorable prices. This will be a constructive factor as the flow of hogs to market increases greatly in 1942 over 1941.

Dairy situation. Cold storage stocks of creamery butter January 1 were 115 million pounds, compared to 41 million pounds a

year earlier. There was a net out-of-storage movement of 38 million pounds for December compared with the five-year average of 29 million pounds leaving storage between December 1 and January 1. Even with the rapid reductions in storage stocks, supplies were still excessive. No special inducements are being offered farmers to increase butter production.

Stocks of cheese in cold storage were 202 million pounds January 1 compared to 130 million pounds a year earlier. 13 million pounds more cheese went into storage in December than were removed. Although butter prices are approximately four cents a pound higher than they were a year ago, the prices of corn and other feeds have risen much more rapidly than the price of butter, so that the feeding ratio is less favorable. However, the demand for cheese and other manufactured dairy products has been supported by lend-lease activities to such an extent that the milk-feed ratio is relatively more favorable than the butterfat-feed ratio. Prices of cheese and dry skim milk will be supported at 85 per cent of parity.

Protein supplement prices. The price of all kinds of protein supplements rose last Monday in response to the more inflationary features of price control legislation. Prices of millfeeds advanced one to two dollars a ton, and soybean meal was marked up one dollar a ton. Soybean meal prices were marked down $2.50 a ton Thursday. On the basis of the average January relationships for the three years 1938-39 to 1940-41, a ton of cottonseed meal at Memphis could be expected to be worth about 46.3 bushels of number three yellow corn at Chicago. At the present time number three yellow corn is worth about 83 cents, which on the basis of the previous relationships would call for a price of $38 a ton for cottonseed meal in Memphis. The present price is about $40. In other words, the demand for protein supple-

ments is especially strong. There is no surplus; most soybean processing mills are out of the market for January and February deliveries, in spite of the fact that production has been at capacity; and stocks are quite low. However, the reduction of $2.50 in asking price for soybean meal indicates not only that the usual seasonal decline may soon set in, but also that protein supplement prices cannot stay out of line with corn prices indefinitely.

The corn-hog ratio at Chicago for the week ending January 10, was 13.8 compared to 11.3 for the same week last year. This is a result of a more rapid increase in the price of hogs than in the price of corn. Prices of most animal products have increased more rapidly than the prices of feed grains as a result of the greatly improved demand situation. The strength in prices of hogs and milk have been the principal factors in supporting the current high prices of protein supplements.

World prices. The following table compares wholesale prices of 40 basic commodities in principal countries where such statistics are available. The comparison is for January 3, 1942, relative to December 6, 1941. During this four weeks' period, based upon preliminary figures, prices declined in only one country, New Zealand, and remained constant in one country, Sweden, and increased in all the other countries. The greatest increase occurred in the United States. The only other substantial increase was in Mexico.

GENERAL MOTORS-CORNELL WEEKLY INDEXES OF WHOLESALE PRICES OF 40 BASIC COMMODITIES

August 1939 = 100

	1942 Jan. 3	1941 Dec. 6
Argentina	142	141
Australia	123	122
Canada	144	143
England	160	159
Mexico	140	137
New Zealand	123	124
Sweden	157	157
United States	148	142

War appropriations and expenditures. The real impact of war expenditures has not yet been felt. The total funds provided for the war program up to mid-December were approximately 78 billion dollars, but only slightly over 50 billion dollars of these funds were represented by obligations or contracts already let. The value of goods delivered or available for delivery was less than 20 billion dollars. This indicates that there has been a very great lag in point of time and amount of money between obligations and the delivery of goods.

The extent of our war effort is definitely limited by plant capacity, skilled labor, and in some cases by availability of raw material. If these bottle-necks can be eliminated not only will production for war purposes greatly increase, but the income of the American people will also tend to increase. It would appear, however, that a large fraction of the increase in the production of munitions and other war materials will have to come at the expense of curtailment in non-war goods. It is entirely possible that within the next year or so the standard of living in terms of goods and services purchased will be reduced to the level that existed in 1932. The cause for the reduction will be quite different--this time, a lack of availability of

goods; in 1932, a lack of money to pay for goods. It is possible, however, that there will not be as serious a decline in the per capita consumption of foodstuffs during this war period, as there was in 1932 as a result of the depression. During the World War there was a very substantial decline in per capita food consumption between 1912 and the low point of 1921. Part of that decline in domestic consumption was a result of greatly increased exports of foodstuffs to Europe.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared January 30)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p. m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures	
	Thursday January 29, 1942	Week ago	(close) Thursday	Week ago
Wheat (No. 2 soft red winter)	$ ---	$ ---	$1.31	$1.31 5/8
Corn (No. 3 yellow, new)	.83	.81 7/8-.83	.88	.87 3/4
Oats (No. 3 white)	.57-.57½	.55 3/4-.59½	.59	.59½
Soybeans (No. 3 yellow)	1.89-1.92¼	1.85 3/8-1.87	1.99 7/8	1.97 1/8
Butter (92 score)	.35	.35	.3365 (Jan.)	.3410 (Jan.)
Eggs (current receipts)	.32½	.32½	.3345 (Jan.)	.3315 (Jan.)
Hogs (top price)	11.90	11.55		
Cattle (top price)	14.75	14.50		

A week ago grain prices were all headed upward. They continued upward at a rather rapid rate until the close of business Tuesday. Wednesday morning they erased practically all the gain that had been made during the previous week, but recovered some of their loss before the close Wednesday and made further gains Thursday. Cash prices for corn and soybeans were higher than a week earlier. Oats were about steady. Butter and egg prices were exactly the same, but the prices of hogs and choice beef steers showed considerable strength as of the close

of business Thursday. In the futures' markets, wheat, corn and oats were about the same as a week earlier; soybeans were up almost 3 cents; butter futures had declined and egg futures gained during the week.

Secretary Wickard's dilemma. Wednesday the price of corn futures opened 5 cents a bushel below Tuesday's close. Soybeans also opened at least 5 cents lower. Corn was down the limit permitted under the rules of the Board of Trade, and soybeans only had a fraction of a cent to go. Other grains opened weekly and remained weak throughout the day. Corn recovered 3 cents of its decline, then lost another 1½ cents to close about 3½ cents below Tuesday's close. This drastic decline in prices was attributed to a statement by Secretary Wickard charging that recent speculative price advances of corn were unjustified, and that the Department of Agriculture would use every means at its disposal to maintain reasonable feed prices. In last week's review, I pointed out that because of the very rapid rise in speculative commitments in both corn and rye futures, they were vulnerable from the short time point of view; but from the longer time point of view, corn was not over-priced.

Secretary Wickard's statement and the resulting market reaction call for careful analysis. In the first place, farmers (and Secretary Wickard) have a very important task ahead of them. That task is to produce, in 1942, 125 billion pounds of milk and 4.2 billion dozen eggs, to market 644 million chickens and 35.75 million turkeys, and to slaughter 83 million hogs, 28 million cattle and calves and 22.9 million sheep and lambs. In addition to these products, it is also going to be necessary to produce 11½ to 12 billion pounds of fats and oils including the lard, butter, tallow and other animal products taken care of in the marketing of livestock and livestock products listed above. That is a very large order. In fact it is the largest order that has ever confronted the American farmers.

But it may be asked, "What has all of this to do with the

present price of corn?" If all of these animals and animal products are to be produced and marketed, they are going to utilize enormous quantities of feedstuffs of all kinds, particularly corn. With that need in mind, the corn goal has been raised to 95 million acres for 1942. In addition to requiring this large volume of feed in order to make it physically possible to produce the livestock and livestock products, the price of feed must be low enough in relation to the prices of livestock so that farmers will be encouraged to produce the livestock. That would seem to be easy. All that would be necessary would be to permit the prices of livestock products to rise faster than the price of feed. However, the people of the United States have indicated that they wished ceilings placed upon the prices of agricultural as well as non-agricultural commodities. If prices of meats, milk, and eggs were not permitted to rise above 110 per cent of parity, October 1, 1941, or December 15, 1941 prices, then it would seem obvious that the production program would be defeated if feed prices, with the same limitations, were not sufficiently low to offer livestock growers an inducement to expand output. It is the necessity of maintaining this inducement that led Secretary Wickard to indicate that the U. S. Department of Agriculture would use "every means" to maintain "reasonable feed prices" and that the Department is modifying sales and loan programs so as to "make our entire Ever-Normal Granary reserves" available to livestock, dairy and poultry producers and corn processors.

The Commodity Credit Corporation made no change in its offered price of CCC stocks of corn and pointed out that the government still owns approximately 95 million bushels of corn in addition to 170 million bushels under loan seal and that all loans will be called if necessary to carry out the policy of meeting all consumptive needs. At the same time the U. S. Department of Agriculture indicated that farm prices would probably average around parity this year and that every effort

would be made to keep them up to parity in the case of certain essential foods. In some cases it may be necessary to permit prices well above parity to get the production desirable. But another report indicated that the government would use every means at its disposal to stabilize corn and other feed grain prices at around the 85 per cent of parity mark. It is no wonder, with these apparently conflicting statements, that there was much confusion Tuesday in the grain market. One might conclude from the above statements that farmers may expect to get parity prices for the animal products greatly needed, but that they cannot expect to get parity prices for corn or the feed grains.

Another factor in the situation is the government's decision to release 100 million bushels of wheat for the production of industrial alcohol and use only a fraction of the 60 million bushels of corn for that purpose that was previously set aside. The wheat is to be released at 91 cents a bushel which would be the equivalent of 85 cents a bushel for corn, on a pound for pound basis. There was also some talk of releasing wheat to be used as feed for livestock. These measures would tend to help offset the present rapid depletion in the stocks of government-owned corn.

The suggestion by the Commodity Credit Corporation that loans might be called on the 170 million bushels of corn now under seal was probably unfortunate as it may tend to make farmers feel that it would be unwise to place additional corn under loan because of the danger that they might be forced to redeem it at any time or lose the advantage of any further price rise. Many local banks may be willing to advance cash to farmers at a reasonable rate on their corn and relieve the farmer of this hazard.

A further complicating factor is the necessity to have a large acreage of corn to feed the livestock called for in the 1942 goals and maintain reasonable reserves, while at the same time a very substantial increase in the acreage of soybeans is urged. Farmers are

guaranteed $1.60 a bushel for soybeans. If the price of corn were held down to 85 per cent of parity, it is possible, although not necessarily probable, that farmers in the commercial corn area would not plant enough corn to provide for our requirements for feeding and reserves and some insurance against partial crop failure.

As I see the picture, the Commodity Credit Corporation does not at present own enough corn to hold the price down to 85 per cent of parity for any length of time. It could be done until the present holdings are absorbed, but the wisdom of releasing all of this corn would be questionable. Loans could be called on the 170 million bushels now under seal but this would not greatly modify the situation because part of it would go back into the hands of the farmers who redeemed the corn, and the part that was not redeemed would replenish the stock of the Commodity Credit Corporation. The Commodity Credit Corporation could then release these stocks at any price they chose to receive and hold down the price a little while longer. If they chose to sell this corn at 85 per cent of parity, that would only mean that the nation's corn reserves would be used up that much more quickly. The total supply of corn that would eventually reach the market would not be affected. The price of corn later in the summer probably would rise to the maximum permitted by law.

Quoting the January "Agricultural Situation": "...Supplies of feed grains are the largest in 20 years, but the number of feed-consuming animals is also of near-record proportions. To produce the increased quantities of meats, milk, eggs, and other livestock products sought in 1942 will require the consumption not only of all feed grains produced in 1941, but of some stock from the Ever-Normal Granary as well." Under these circumstances, it is not surprising that speculators and feeders have been bidding up the price of corn. I should be inclined

to expect corn prices to reach parity before another crop is harvested. A livestock-feed ratio favorable enough to induce farmers to keep hogs to be fed out at heavier weights and to greatly increase production of all kinds of animal products might then call for price ceilings on animal products at a somewhat higher percentage of parity than for feed grains. This sort of arrangement probably would be possible under the price-fixing law now awaiting the President's signature. In fact the present law would seem to permit top prices for livestock and animal products which would be high relative to top prices permitted for feed grains; that is, December 15, 1941, prices for livestock and livestock products would still be relatively higher than feed grain prices at 110 per cent of parity or on October 1, 1941, or on December 15, 1941.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared February 6)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p. m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures	
	Thursday February 5, 1942	Week ago	(close) Thursday	Week ago
Wheat (No. 2 soft red winter)	$ —	$ —	$1.29 5/8	$1.31
Corn (No. 3 yellow, new)	.81½-.83	.83	.87 3/8	.88
Oats (No. 2 white)	.58½	—	.57 5/8	.59
Soybeans (No. 3 yellow)	1.91¼-1.93¼	1.89-1.92¼	1.97 5/8	1.99 7/8
Butter (92 score)	.34 3/4	.35	.3385 (Feb.)	.3420 (Feb.)
Eggs (current receipts)	.29¼	.32½	.2965 (Feb.)	.3345 (Jan.)
Hogs (top price)	12.85	11.90		
Cattle (top price)	14.90	14.75		

This past week was characterized by a decline in prices of all grains and eggs; about steady prices of butter; very strong prices for hogs, and some improvement in the prices of beef cattle. A new top price was reached for hogs Thursday of $12.85. Eggs reacted as a result of some recent let-up in purchases of government eggs and the open weather that followed the recent cold spell. Soybeans remained fairly strong in the cash market but weakened some in the futures market.

Corn. In speaking before an Illinois Farm and Home Week audience, J. B. Hutson, president of the Commodity Credit Corporation, gave

us the impression that the U. S. Department of Agriculture was determined to see that the price of feed grains, particularly corn, was held down at a figure low enough to encourage the great increase in production of livestock products called for in the 1942 goals. The present thinking is that it will be necessary to keep these feedstuff prices down to about 85 per cent of parity. Mr. Hutson was much more optimistic concerning the ability of the government to keep these corn prices down than I was in last week's market review. He went on to point out the large stocks of feed grains on hand at the present time which we recognize as being the largest on record. The disappearance of corn and oats in the last quarter of 1941 was only slightly larger than the last quarter of 1940.

With the increase in hog numbers that will result not only from the larger 1941 fall pig crop but also from the very great expansion in this spring's pig crop, the disappearance for 1942 is expected to exceed by rather wide margin the disappearance in 1941. Not only will there be this great increase in hog numbers but we shall continue to feed dairy cows for maximum economical production and numbers of cattle of all kinds are expected to increase rather than decline. Just Wednesday, the Office of Price Administration raised the ceiling price 1.895 cents for new cash lard. The ceiling price on loose lard was raised .675 of a cent, and on leaf lard .49 of a cent. For steam rendered pork fat .79 of a cent increase was allowed. The previous ceiling had been at the October 1, 1941, bid price. This upward revision in the price of lard is significant and indicates the need for a considerable expansion in the production of edible fats and oils. Doubtless this increase in the price of lard was made in order to induce packers to trim their cuts more closely so as to obtain a larger percentage of lard per hundredweight of carcass. It will have the effect also of permitting packers to pay relatively higher prices for heavy weight fat hogs, which in turn may

induce farmers to feed out their hogs to heavier weights. All this indicates a very strong demand for corn and would also indicate that under these circumstances corn stocks might be expected to be reduced materially before the new crop is ready for harvest.

Mr. Hutson made it quite clear that the Commodity Credit Corporation, at the request of the Secretary of Agriculture, is in a position to, and will, sell wheat for feed in order to hold down the prices of feed grains. Present plans call for the selling of 100 million bushels of wheat for feed at a price of 86 cents delivered in this area for whole wheat, or 90 cents for cracked wheat. However, this wheat is not being purchased by farmers in this area, but is being sold in the Eastern markets. It would, of course, be illogical to ship corn eastward from Illinois and ship wheat into Illinois for feed. For the few days that the wheat for feed selling campaign has been under way, Mr. Hutson says that the sellings have exceeded original expectations. Although the plans now call for selling this 100 million bushels of wheat for feed, the Commodity Credit Corporation has enough wheat on hand to increase their sales for this purpose very materially and would seem to be willing to dispose of this wheat at a price which would tend to hold the price of corn near 85 per cent of parity. If this wheat is made available and weather conditions this summer are favorable for the production of the quantity of crops contemplated in the revised 1942 goals, I have come to the conclusion that corn prices will not rise materially above 85 per cent of parity. Of course, parity price may increase as the costs of commodities farmers buy increase. The present hog-corn ratio at Chicago is 14.1 which indicates that corn prices are plenty low enough to induce heavy feeding. Another factor which must be taken into consideration but which is unpredictable is the attitude of congressmen and senators toward this program. I doubt if that will

interfere with the present stated plans of the Secretary of Agriculture in connection with the feed grain-livestock program. Farmers are not marketing their corn in large quantities, and processing industries are obliged to pay firm prices in order to maintain the supply they need.

Wheat. Under ordinary circumstances, the plan of the U. S. Department of Agriculture to sell wheat for feed would have a price stimulating effect. With the extremely heavy supply of wheat, however, and the wheat loans coming due April 30, no very substantial rise in prices is expected. Owners of stored wheat at the present time can make some profit by selling in the open market, and if the wheat loans coming due April 30 are not renewed, it is entirely possible that quite a lot of wheat will be marketed before the loans come due. Under these circumstances, wheat prices can not be expected to advance materially, nor would any sell-off be expected. If the price should decline any substantial amount, the wheat would be turned over to the government when the loans became due.

Soybeans. Soybeans receded sharply in price early in the week after having reached a new top Friday, January 30. Doubtless the corn selling program of the Commodity Credit Corporation had something to do with this. No very urgent demand for soybeans has been evidenced on the part of processors. We are now approaching the time of year when soybean meal reaches its peak in price and begins to recede as pastures become available. The price of oil has risen to the ceiling price permitted under present regulations of the Office of Price Administration. With no likelihood of any great increase in meal prices during the current season, and with oil prices fixed, no great increase in the prices of soybeans could be reasonably anticipated. In some areas it is reported that beans are not being sold because farmers are keeping all their beans for seed purposes. The Commodity Credit Corporation has guaranteed

farmers a price of $2 a bushel on May 31 for seed beans of approved varieties with a germination test of at least 85 per cent. This was done in order to encourage the withholding of beans from processing in sufficient quantities to take care of the seed requirement for the 1942 goals. In the meantime, of course, some beans that do not qualify because of poor germination will be marketed.

Looking ahead into the new crop year, Illinois farmers have indicated intentions to plant soybeans in sufficient quantities to reach the goal. Some question has arisen as to where the acreage is to come from in order to reach the soybean goal and at the same time plant an acreage of corn equal to, or exceeding, last year's acreage. Of course last year's corn acreage exceeded the 1942 goal, but there seems to be no particular inducement for any reduction of corn acreage in Illinois this year. The fact that farmers intend to plant all the beans called for would indicate that ceilings on soybean oil will probably not be raised above present levels.

Hogs. Hog prices reached the highest level this week since August, 1937. Traders indicated that this rise in prices reflected reduced receipts during the past week, government buying of pork products, the price control law and a firm dressed market. The rise in the ceiling price on lard is a stimulating factor. Prices for hogs Monday and Tuesday were $12.50 a hundredweight and continued to a new top of $12.85 Thursday. This is the time of year when hog receipts usually decline and the price increases. The seasonal increase in prices from January to February usually amounts to about 5 per cent, with another 5 per cent increase from February to March. April prices are usually slightly lower than March, and hog prices continue to decline until a secondary low is reached in June. They rise to a final peak in August and decline to the low point of the year in December. Roy F.

Hendrickson, Chief of the Agricultural Marketing Administration, indicated to a Farm and Home Week audience Tuesday, that lend-lease purchases were going ahead at a rapid rate and that the present limiting factor was shipping space. Pork and lard are two of the products needed for shipment to Britain.

There is some question as to how high livestock prices will be permitted to rise. According to the price fixing law, the limitations would be 110 per cent of parity based upon 1909 to 1914 relationships, 1919 to 1929 average, October 1, 1941, or December 15, 1941, prices, whichever were highest. Top prices for beef cattle are already above these levels, and hog prices are not far below these limitations. Doubtless a further provision in the law that permits the Secretary of Agriculture to veto the action of the Office of Price Administration would make it possible for hog prices to continue above the legal limits in order to encourage the production of hog products.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared April 10)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Thursday April 9, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ —	$ —	$1.22¾	$1.24¾
Corn (No. 3 yellow, new)	.82¼-.85	.81-.83½	.88¾	.88½
Oats (No. 2 white)	.58-.58½	.57½-.58½	.56 5/8	.55 7/8
Soybeans (No. 3 yellow)	1.80	1.83½	1.88¾	1.90¾
Butter (90-91 score)	.36	.35¼	.3675 (June)	--
Eggs (current receipts)	.27	.26¾	.3265 (Oct.)	.3205 (Oct.)
Hogs (top price)	14.50	14.00		
Cattle (top price)	16.75	16.15		
Hog-corn ratio, Chicago April 4	16.3	16.2		

This week wheat prices continued weak, but corn and oats were strong. Soybeans lost a little of last week's gain. Butter continued to recover following last week's government support. Livestock prices are especially strong, and the hog-corn ratio is especially favorable to feeders.

The general index of commodity prices has risen every week during 1942, but the rise has been gradual with a total increase of 6 per cent from January 2 to April 8. Prices of all agricultural products have

not followed this general trend. Although in general there have been no substantial weaknesses, there have been some rather wide fluctuations in the price of soybeans, general strength in the prices of feed grains and some weakness in the prices of wheat and rye. Hog prices have increased substantially during the year to reach a new peak of $14.55 for 220-270 pound hogs, Wednesday. This rise from January to April is largely seasonal. A new peak was also reached in the price of choice steers Thursday at $16.75. This is the highest top price for steers since 1937, when $19 was paid.

Domestic demand. Not a week goes by but that there are developments or that information becomes available concerning previous developments that affect the prices of farm products. The course of the war is extremely important, not that it means more people will buy or refrain from buying foodstuffs in the near future as the immediate result of developments in Burma, India or northern Africa, but these developments do help determine the duration and outcome of the war. Farmers are interested in the duration of the war not only from a humanitarian standpoint, but also from the standpoint of the effect of the war upon prices of farm products. Certainly from the longer time point of view, the sooner we win the war, the better off farmers will be. From now on there may be a tendency for the costs of goods and services farmers buy to rise faster than the prices of farm products. There may also be some tendency for land values to rise, and this would tend to lower rather than raise profits from farming. Then too, it is probable that for a year or two following the war there may be a good foreign demand for U. S. farm products based both upon actual need in Europe and upon our probable willingness to make the goods available to people in countries where the livestock population has been depleted during the war. The outcome of negotiations between England and India

has such an important bearing upon the duration of the war that it is probably the most important current development. If India would join wholeheartedly with China and the other allied nations, it might be possible to stop the Japanese before they completely cut off Russia and China from help from the United States and England.

In this country we are rapidly shifting to all-out war production without seriously curtailing the demand for farm products. In a number of industries the conversion to production of war goods is made without a great deal of construction, retooling or unemployment. The extent to which this shift is taking place can be illustrated by statistics compiled by the Federal Reserve Bank of New York. Compared to February, 1941, the production of producers' goods in February, 1942, was up 31 points to 143 per cent of the long term trend. Producers' durable goods were up 40 points and producers' nondurable goods were up 19 points. On the other hand, the production of total consumers' goods dropped 8 points to 92 per cent of the long term trend. Consumers' durable goods were down 50 points and consumers' nondurable goods were up 6 points. Most of this decline in the production of consumers' durable goods has taken place recently. The decline from January, 1942, to February, 1942, was from 68 per cent to 51 per cent of the long term trend. During the year ending February, 1942, the cost of living rose 12 per cent.

Scarcities of skilled labor and essential materials are most likely to impede the war effort. Efforts are being made to train more and more workers in the lines where bottlenecks are likely to appear. Materials are being conserved for war purposes. We have got used to the limitations on automobiles, rubber tires and electric refrigerators and we shall have to get used to a very large number of other limitations. Just this week there has been an order prohibiting buildings either on the farm or in the city costing more than $1,000 except in defense areas.

We are trying to save wool by using substitutes and simplifying the styles of clothing. All this affects our standard of living, but from the farmers' standpoint it means that consumers will have more money to spend for food. Just now there is a very strong demand for women's clothing. The New York Federal Reserve Bank reports that all branches of the apparel group took on workers in the New York area during February, but that the largest employment gains occurred in the manufacture of women's clothing and millinery. Part of this gain of employment in these industries was seasonal.

Factory employment in the United States as a whole rose slightly during February, and payrolls were 2 per cent larger than in January. War industries continued to expand their forces. Relative to February a year ago factory employment was up 13 per cent and payrolls were 40 per cent greater. There was little change in the total number employed in civil nonagricultural occupations in the United States between January and February. However, there was some shift in employment. Employment in factories and government service was somewhat higher, but these gains for the month were offset by decreases in the number employed in wholesale and retail trade and in construction. Compared with February, 1941, there were 2,400,000 more persons engaged in civil nonagricultural pursuits in the United States. A further increase occurred in March.

Crop prospects. Rains in this area have been favorable to rank growth of wheat and pasture. However, they have interferred with the usual spring work. That is true over rather wide areas, particularly in the eastern half of the country. However, it has been a little too dry in the southwestern area of the United States, especially in much of Texas and the southwestern range area. Subsoil moisture is still ample in Oklahoma and conditions are satisfactory up through the Kansas

wheat belt. Cold rain or snow was unfavorable for livestock in the Northern Plains and some Rocky Mountain sections. This has affected young lambs more than other classes of livestock.

Vegetables. Although the unfavorable weather conditions during the first half of March in most of the southern states delayed the development of truck crops and spring planting operations, it is expected that the tonnage of 20 early crops in 1942 will be 22 per cent greater than in 1941. Most of this increase is in early cabbage, but most early truck crops are expected to be equal to or greater than last year. Prices in January remained well above 1941 levels except for artichokes, cabbage, celery, shallots and spinach. Potato prices in 1942 will be supported by the government. A minimum price has been set at $1 per hundredweight for Round White in Minnesota and northern Dakota areas, with differentials for other varieties and producing sections. March intentions to plant potatoes indicate an acreage far below that called for in the 1942 production goals. This may be revised upward, however. The acreage of dry beans is also likely to fall about 8 per cent below the 1942 production goal. Stocks of canned vegetables are being rapidly reduced but there are plenty of frozen vegetables on hand.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared April 17)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Thursday April 16, 1942	Week ago	Thursday	Week ago
Wheat No. 2 soft red winter)	$ --	$ --	$1.20 5/8	$1.22 3/4
Corn (No. 4 yellow, new)	.80½-.84	.82¼-.85	.86	.88 3/4
Oats (No. 2 white)	.56½-.56 3/4	.58-.58½	.55 3/8	.56 5/8
Soybeans (No. 3 yellow)	1.78¼-1.83	1.80	1.86	1.88 3/4
Butter (90-91 score)	.37	.36	.3860 (Nov.)	--
Eggs (current receipts)	.29	.27	.3380 (Oct.)	.3265 (Oct.)
Hogs (top price)	14.25	14.50		
Cattle (top price)	17.00	16.75		
Hog-corn ratio, Chicago April 11	17.0	16.3		

All grains were weak this past week as the result of unfavorable war developments, particularly the restoration of Laval to power in France. On the other hand, prices of all livestock products were higher. Hogs made a new high Wednesday at $14.65 and choice steers made a new high at $17. Butter and egg prices were strong. The hog-corn ratio is very favorable to feeders. Anti-inflation talk by the administration was countered by proposals of congressmen to revise the concept of parity to include the cost of farm labor. No further serious declines in prices of farm products, other than usual seasonal changes, are now apparent.

Practically all the news during the past week has been discouraging. The American public has been confronted with a serious development within a period of a few days comparable to those suggested in a recent Weekly Market Review, but the effect has been less devastating than might have been anticipated. The inability of England to get the numerous factions in India to accept any sort of a reasonable proposal was accompanied by further Japanese aggressions in Burma and the Bay of Bengal, and was followed by the capitulation of Marshal Petain to German pressure and installation of Laval as a powerful member of the French governing body. This was enough to upset a weakened stock market and caused a sympathetic decline in grain prices. Although averages of representative stocks on the New York Stock Exchange did penetrate the 1938 low and came fairly close to reaching the 1935 low, there was no panic. The volume of turnover was not especially heavy and the averages dropped only about 2 per cent. It would not be surprising to see some slow recovery in the stock market. It would seem that bad news is pretty well discounted.

The war news may get better. The Russian situation is far from hopeless and the increased bombing raids against both the Japanese and German controlled territories were encouraging. It is a little too early to evaluate the effect of French developments. If the fleet is turned over to Germany, if Germany obtains control of northern and western Africa and if Japan obtains control of Madagascar, the situation will be seriously impaired from our point of view.

The strongest reason for believing that no future serious collapse may be expected in the stock market is the high yields obtained from stocks with present low prices and relatively high earnings. A representative list of industrial stocks showed yields in excess of 7 per cent February 28 as compared with the yield of 3 per cent October 31,

1938. Of course, we have had other periods of high stock yields, including the depression periods of 1931 and 1932, and the latter part of 1937. During those periods, corporation profits were declining rather drastically. That is not the situation at the present time.

If there is no future serious decline in the stock market, grain prices in general may be expected to hold up fairly well. At present wheat prices, there is no incentive for farmers to ship wheat to market or redeem loan wheat. On the other hand, a higher loan rate is expected for the new crop, so in spite of very favorable prospects and a very serious prospective shortage of storage space, it is doubtful if wheat prices will decline seriously.

Feed grain prices are expected to hold up fairly well. The present actual and potential demand for feed grains is very strong. However, the outlook with respect to soybeans is not so bright. With a price ceiling placed on soybean oil at 11 3/4 cents a pound, changes in the price of soybeans must depend upon changes in the price of soybean meal. The base price for soybean meal at Decatur is now $35 in contrast to $39 just a month ago. For every dollar change in the price of a ton of meal, there is a change of about 2½ cents in the price of a bushel of soybeans. With the pasture season coming on, the demand for meal has declined. In addition supplies of high protein feeds for next season, including the principal oilseed meals, copra cake and meal, and gluten feed, are expected to total about 15 per cent larger in 1942-43 than in 1941-42 provided the 1942 growing season is favorable and farmers carry out their planting intentions as of March 1. The supply of high protein feed per animal will probably be the largest on record. However, the increased demand for all kinds of feed, including high protein feed, will tend to offset the effect of the larger supplies. If the price ceiling is retained at 11 3/4 cents for soybean oil and high

yields are obtained for all oil producing crops, it is difficult to see how soybean prices could be much higher next fall than is indicated by the present price of October futures, although there is talk of increased shipments to England.

Inflation. During recent months prices of farm products have not risen appreciably, but the cost of living and wholesale prices in general have risen. There is a very definite threat that inflation will result from the enormous acceleration in government spending that is getting under way and that is expected to continue. It is evident that official Washington is aware of the possibilities and available means of preventing inflation. It is not so clear though that proper steps will be taken or that inflation will be prevented. Congress suggests the procedure of fixation of prices, including wages and profits. The administration, including the President, Secretary of the Treasury, and the War Production Board, does not favor the plan proposed by Congress. Part of the administrative group prefers heavy taxation and enforced buying of government bonds, but the most recent newscasts indicate that the President has opposed forced savings in the belief that voluntary purchases of government bonds will be an adequate supplement to the tax program. The President and Secretary of the Treasury do not favor a sales tax; Congress does. In spite of the importance of the method to be used, it is difficult to forecast what the outcome will be with such a division of opinion between the influential groups in Washington. To date adequate steps to prevent inflation have not been taken.

Even if we do have inflation, it will be difficult to forecast the path it will take. Presumably a lot of prices would be fixed arbitrarily, and price fixing would be supplemented with rationing. The extra income might then be spent for nonrationed goods or services, including amusements, or it might be used for investments. In that

connection the U. S. Department of Agriculture reports that farm real estate values for the country as a whole rose about 7 per cent during the 12-months' period ending March 1, 1942. It is the first substantial recovery in land values since 1936. Land values rose 13 per cent in Illinois during the past year. Of course the government hopes that the extra income will go into the purchase of government bonds.

Effects of the war upon agriculture in foreign countries. Agricultural expansion continues in countries having export outlets for their products, but contraction is the rule in occupied western Europe. Hog production in Canada continued the expansion which has been under way since the beginning of the war. The number of hogs on hand in Canada December 1, 1941, was 79 per cent above the low point reached on the same date of 1938. There was an increase of 12 per cent in the number of sows bred for farrowing in the spring of 1942 compared with the spring of 1941. The margin between feed and hog prices still favors hog expansion in Canada.

Cuba has established higher local prices for cattle and beef in order to prevent export to the United States. This was done to prevent meatless days because of a shortage of cattle. The Argentine dairy industry continued to expand in 1941 in response to the greater demand for dairy products from the United Kingdom and the U. S. Argentine butter now goes to England to take the place of imports formerly received from Denmark and the Netherlands.

In contrast Danish hog numbers are much below normal. The 1941-42 hog marketing season opened with 37 per cent fewer hogs on hand than in 1939 when the European war began. The number of bred sows has fallen to 51 per cent below the prewar level. The situation in Denmark is probably typical of the countries of western Europe which depended upon imports of feed stuffs to support the livestock industry.

Ireland has reduced deliveries of flour from the mills to 80 per cent of the volume of deliveries in 1940. At the same time, the extraction rates for flour milling was increased from 95 to 100 per cent. That means that the entire wheat kernel, including the bran, must be ground into flour. Housewives were urged to use flour for breadmaking only, and where possible to substitute potatoes or other products for bread in the family diet.

In spite of the large carryover of wheat in Canada, the Canadian government recently fixed the price of wheat at 90 cents a bushel for the 1942 wheat crop, instead of 70 cents, the minimum fixed for the past three seasons. It was expected that the war developments might increase the demand for wheat. The Canada wheat board has agreed to take delivery on 280 million bushels of western wheat instead of 223 million on which prices were guaranteed this season to prairie farmers.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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College of Agriculture

(Prepared April 24)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday April 23, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ —	$ —	$1.22 3/8	$1.22 7/8
Corn (No. 3 yellow, new)	.82-.83½	.80½-.84	.88 3/8	.88¾
Oats (No. 2 white)	.57¼-.57½	.56½-.56¾	.55½	.55¾
Soybeans (No. 3 yellow)	1.75¼	1.78¼-.1.83	1.83¾	1.88 3/8
Butter (90-91 score)	.37	.37	.3940 (Nov.)	.3860 (Nov.)
Eggs (current receipts)	.28½	.29	.3425 (Oct.)	.3380 (Oct.)
Hogs (top price)	14.60	14.25		
Cattle (top price)	17.25	17.00		
Hog-corn ratio, Chicago April 18	17.4	17.0		

The pattern of prices during the past week duplicated that of the previous week; grains were weak and livestock strong. A new high for the past five years for choice beef steers was reached Wednesday and Thursday at $17.25. Hog prices came within five cents of the peak since 1926 reached a week ago Monday. Grain prices were depressed, however, by the anti-inflation plans. It is doubtful if ceiling prices on livestock products will be below parity because of the need to encourage further production. The present hog-corn ratio of 17.4 will certainly encourage maximum hog production. There is little danger of much further decline in

corn prices unless some further restrictions are placed upon prices of animal products.

The war situation. There have been no outstanding developments in the war situation during the past week that affected prices of farm products. It is quite possible that future developments may be more favorable to the United Nations than was earlier anticipated. This does not mean that all news will be favorable. The French situation is critical. However, recent developments indicate substantial increases in the strength of the Allied Nations, largely as a result of aid being furnished by the United States and unexpected strength on the part of Russia. It was rumored that Italy would be glad to quit if she were not actually occupied by German forces. Peace feelers are also coming from Japan since she has obtained temporary control of the entire East Indies, the Philippines and the mainland of southeast Asia. This has little bearing upon the immediate outlook, because it is obvious that we would be unwilling to permit Japan to retain all this loot. As far as the war is concerned, the pattern is pretty well fixed for the United States for months to come. The only effect current developments are likely to have upon prices is psychological, that is, extremes of pessimism and optimism. It would not be surprising if we have passed through the most pessimistic stages.

Domestic demand. Industrial production continues to expand. That means workers will have more money to spend but less consumer goods available for purchase. Under these circumstances there is bound to be continued pressure on the prices of scarce products. Because of this pressure President Roosevelt is expected to initiate a drastic anti-inflation program, one feature of which will be to freeze the prices of about 70 per cent of the nation's foodstuffs. It is anticipated that a general order fixing maximum wholesale and retail prices will be issued

by the Office of Price Administration next Tuesday. The Office of Price Administration has already conferred with representatives of the food trades, and it may be that rationing on a much larger scale will accompany the fixing of price ceilings. Ceilings have already been established on cane sugar, wholesale pork cuts on dressed hogs and on fats and oils, including cottonseed oil, lard, soybean oil and peanut oil.

With steps taken to prevent a rise in the cost of living, a stronger effort can be made to prevent rises in wages. It looks as if we are headed for more and more controls of all kinds, but it seems clear that agriculture will not be asked to make any more sacrifices than the other population groups. With favorable growing conditions this summer and a large volume of livestock on hand, farm income will probably increase in 1942 over 1941.

As to the probable anti-inflation program, the proposals made to date include some or all of the following:

1. Freezing wholesale and retail prices, particularly of foodstuffs and scarce manufactured goods.

2. Freezing the higher brackets of salaries and wages.

3. Rationing goods (this goes with price fixing of scarce goods).

4. Heavier taxes, particularly excess profit taxes, individual income taxes, probably more excise taxes and possibly a sales tax.

5. Heavy pressure to get people to buy government bonds in amounts up to one-tenth of their incomes.

6. Forced savings, that is, required purchases of government bonds.

There is a wide gap between the current or anticipated national income and the amount of goods available to income receivers at present prices. It is this gap that the government is trying to close by removing

the excess income from circulation in the consumer goods markets. To the extent that this excess income is absorbed by the government, it will help check inflation. In the long run, the farmer will be better off if inflation is prevented and industrial wage rates are maintained at present levels. In the short run he still has no complaint.

Fats and oils. No major changes in prices of fats and oils can be expected in the next several months. That applies to the three principal commodities in which we are interested, namely: butter, lard and soybean oil. It also applies to competitive products. Butter is being supported by the government at 36 cents, which is quite favorable as compared to 1941 prices. It has been necessary to support the price of butter in order to prevent too much diversion of milk in the making of cheese and evaporated milk. It is expected that this higher price for butter will also permit farmers who formerly sold butterfat to compete with producers of hogs and beef cattle. Without such support, in view of the recent reductions in the prices of cheese and evaporated milk, farmers might be induced to keep fewer cows, and the needed quantities of dairy products might not be produced. Cold storage holdings of creamery butter in the United States totaled approximately 50 million pounds April 1, 1942, compared with 63.7 million a month earlier and 9 million pounds April 1, 1941. Cold storage holdings of cheese totaled 188 million pounds April 1, 1942, compared to 110 million pounds April 1, 1941.

If present plans involving the shipment of 12 million hogs to England during the current year materialize, we shall still have more lard than is now being consumed in the United States. Stated another way, there will be an excess of lard to offset partially the deficit of imported fats and oils. The ceiling price on lard was raised slightly on February 4. Early in March lard prices reached the new maximum level.

Cold storage holdings of lard April 1, 1942, were 43 per cent less than they were a year earlier and also 11 per cent less than the 1937-41 average. Cold storage holdings of pork are also 25 per cent below the April 1, 1941, holdings, but beef in storage was 60 per cent higher than a year ago.

According to a recent report approved by President Roosevelt and the Prime Minister of Canada, the production of oil-bearing crops will be increased in the United States and the production of oats, barley and flaxseed will be increased in Canada. It would appear that if shipping facilities are maintained, there should be no shortage of linseed oil. The War Production Board has limited civilian construction, but it is expected that the increases in war demands for paint and varnish oils will offset this influence on prices. Canada supports flaxseed prices at $2.20 a bushel at Fort William. Flaxseed prices have risen during the past month in the United States, although they have not yet reached the maximum level of 110 per cent of parity, which would have been about $2.75 on March 15. On April 2, the Argentine Grain Board raised the price asked for flaxseed for export by 15 1/8 cents a bushel. Freight rates between Buenos Aires and New York increased 13 cents a bushel and the war risk insurance increased 6 cents a bushel since February. The total increase in price of imported flaxseed is about 34 cents a bushel.

We are still getting some copra from the southern Pacific area, but only a fraction of the quantity we formerly received from the Philippines. With the increase in the production of soybeans, peanuts, cottonseed, flaxseed, beef tallow and lard in the United States, we should be able to take care of our own requirements for fats and oils, and there might be some question concerning the possibilities of maintaining the prices of both lard and soybean oil at present levels. However,

we not only have to take care of our own demands for fats and oils, but also to take care of our allies. It would seem only reasonable to build up stocks of fats and oils far in excess of the goals established by the government earlier this year. It is expected that the Western Hemisphere will have to provide England with from 3 to 3½ billion pounds of fats and oils a year. In addition there are already heavy demands from Russia. Under these circumstances it appears that there will be a strong demand for all the lard and soybean oil that we can produce. It is even possible that we may have to come to rationing of fats and oils in this country, but the present per capita consumption of fats has been reduced in Great Britain 35 to 40 per cent. The use of soap has been curtailed still further. So far there has been no shortage of fats and oils or soap in the United States. The demand for glycerine and the curtailment of the imports of our chief glycerine-bearing fats, namely, cocoanut oil and palm oil, have made it necessary to obtain glycerine from other fats and oils. The residue has been used for soap, and although the soap may not have good lathering qualities, yet the quantity available will probably be ample for domestic needs, at least in the near future.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared May 1)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday April 30, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.22 1/8	$1.22 3/8
Corn (No. 3 yellow, new)	.80½-.83	.82-.83½	.86 1/8	.88 3/8
Oats (No. 2 white)	.57-.57½	.57¼-.57½	.55¼	.55½
Soybeans (No. 3 yellow)	1.72	1.75¼	1.79 3/4	1.83 3/4
Butter (90-91 score)	.38½	.37	.3975 (Nov.)	.3940 (Nov.)
Eggs (current receipts)	.29	.28½	.3380 (Oct.)	.3425 (Oct.)
Hogs (top price)	14.10	14.60		
Cattle (top price)	16.75	17.25		
Hog-corn ratio, Chicago April 25	17.1	17.4		

In general prices of farm products weakened further early this week as the result of price-pegging plans. The most drastic declines came in prices of beef cattle, hogs and soybeans. They were at or above parity, beef cattle and soybeans being far above 110 per cent of parity. Butter prices are supported directly by the government, and no ceiling has been indicated to date for egg prices. Although the hog- and beef cattle-feed ratios are still favorable to feeders, the pressure upon prices of livestock was reflected in lower prices for corn. Liquidation of May futures has also tended to depress grain prices.

Price fixing. Further inflation of commodity prices will be practically impossible if the program initiated by the Office of Price Administration is carried through in connection with all classes of goods and services. There is still one loophole, however, and that is the fact that wages have not been definitely fixed, and according to the law as it still stands, prices of farm products are tied to parity. That means that prices of farm products are, to a limited extent, tied to wage levels.

On the average, farm prices are 99 per cent of parity, but there is a very wide variation between the different commodities. For example as of April 15 the parity price of soybeans was $1.43 on the basis of present methods of figuring parity for that particular crop. As a result of the effort to bring prices of farm products more nearly into line with parity, May soybeans dropped almost four cents a bushel Thursday. Another commodity that is far above parity is beef cattle. However, the new price regulations of the Office of Price Administration set the ceiling price on products not at parity or 110 per cent of parity, but at March levels. The recent price of beef cattle has been above the price ceilings either at March, 1942, levels or at the level specified in the earlier legislation affecting prices of farm products. The grains, including both wheat and corn, are considerably below parity and hence should not be greatly affected by this week's price legislation. The price of corn is more likely to be affected by any reductions in the price of beef, the present price limits on pork and the policies of the Commodity Credit Corporation with respect to sales of government owned grain for feed.

On the whole the Administration's plan for preventing inflation should be a great improvement over the temporizing of recent months. With any over-all plan there are bound to be enormous inequities develop, and

the governmental agencies involved should take steps to see that these inequities are removed without destroying the possibility of attaining the main objective. Farmers as a group should have no complaint with prices limited to parity so long as output is not restricted either by the federal agencies or climatic conditions. For most farmers, it is not even necessary that parity prices should be available on all products grown. For example the livestock producer and feeder is not so much interested in parity prices on feedstuffs as he is in parity prices on the products he sells, namely, livestock or livestock products. However, the commercial grain producer would prefer parity prices on the grain. During recent months the increases in prices of livestock products have more than offset the decreases in the prices of grains in their effects upon gross national farm income.

If prices of goods are kept at present levels and the quantity of manufactured goods available for consumers is drastically curtailed, there is going to be an enormous surplus of income looking for an outlet. The expenditures by the federal government are increasing so very rapidly that even after offsetting the decreases in expenditures by industries manufacturing consumer goods, the national income is likely to continue to increase rapidly. Fixing prices at present levels and distributing the goods by rationing will leave consumers, as a whole, with considerable money which they will be unable to spend for necessities and conveniences. The government is making a very strenuous effort to absorb this excess income by means of encouraging voluntary purchases of government securities. If this proves to be inadequate, it will be supplemented by heavier taxation and possibly later by forced purchases of government bonds. It is a little difficult to forecast the nature of further developments. A number of months ago, Mr. Bernard Baruch suggested very much the same program as is now being inaugurated,

but it was not acceptable to the Administration. Now the Administration comes out with a comprehensive, even though incomplete, program and there is some indication that Congress hesitates to go all the way. In spite of these concessions to political expediency, both by the Administration and Congress, real progress has been made and doubtlessly will continue to be made.

We can look forward to more and more controls, less fluctuation in prices of farm products and more unanimity of opinion and action by the various economic and other groups.

After the war. There are two current developments that may affect us after the war is over. One is the amount of governmental control that is being exercised over all groups of people, and the other is the international commitments and obligations that are arising as a result of realignment in international relations brought about by the war. As far as the former is concerned, the government control of the people in a country where the people still have the right to vote is possible only so long as the voters are willing to have that control exercised by the government. That appears to be quite necessary during wartimes when the maximum of coordination is required. In general there has been a world-wide tendency for the citizens of the various countries to delegate authority to their governments to regulate their affairs. Presumably this development has occurred as a result of realization that the forces, particularly economic forces, are so powerful that the individual has little opportunity to cope with them as an individual. It is unlikely that these forces will become easier to cope with in the future, and for that reason it is doubtful if we shall ever go back to the old laissez-faire system which involves the maximum of individualism. As for the international situation, we are gradually binding together all the countries of the Western Hemisphere, not only for the war effort but

economically as well. It is very likely that Great Britain will find it necessary to go along with the United States as far as postwar international trading policies are concerned. We are lending enormous quantities of goods to our allies, which in the end must be donated to them or we must accept commodities which they produce as payment of their obligations. This would seem to indicate that after the war is over we shall be confronted with a very delicate international situation. We shall find it more and more difficult to export our surpluses, and at the same time, we shall be called upon to accept the surpluses of other countries, and this may make it difficult for some high-cost industries. Agriculture may be asked to accept some of the inevitable sacrifices involved in this adjustment.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared May 8)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday May 7, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ ---	$ ---	$1.25¾	$1.22 1/8
Corn (No. 3 yellow, new)	.84¼-.86½	.80½-.83	.90	.86 1/8
Oats (No. 2 white)	.58¾-.59½	.57 -.57½	.57 1/8	.55¼
Soybeans (No. 3 yellow)	1.81-1.82	1.72	1.87 3/8	1.79¾
Butter (90-91 score)	.37¾	.38½	.3965 (Nov.)	.3975 (Nov.)
Eggs (current receipts)	.28½	.29	.3380 (Oct.)	.3380 (Oct.)
Hogs (top price)	14.15	14.10		
Cattle (top price)	15.75	16.75		
Hog-corn ratio, Chicago May 2	16.9	17.1		

All grains made substantial recoveries in price during the past week. The improvement was most marked in soybeans and corn with gains of about 9 to 10 cents in the cash price of beans, and 3½ cents in the cash price of corn. Doubtless, the general recovery of confidence in the war situation, but more especially the belief that the present laws pertaining to price limitations on farm products would stand for a couple of months, contributed to the improvement. Talk of revising upward the "parity" price of soybeans also helped. Livestock and

livestock products did not fare so well largely as the result of increase receipts and the vulnerability of beef prices to ceilings below current levels.

According to the Federal Reserve Bank of New York, further progress toward the attainment of maximum production of war goods was made during April. As a result of the rapid acceleration of the war effort, the President intimated late in April that the war production goals would be raised and the Director of the Budget announced sharp upward revisions of projected war expenditures for the remainder of the present fiscal year and for the fiscal year ending June 30, 1943. The Chairman of the War Production Board stated that the conversion of industry to full war production had proceeded much more rapidly than had been expected and that restrictions on the output of consumers' durable goods would be broadened to include practically the entire field within the next two or three months.

Industrial conditions in April were similar to those which characterized recent months. Declining production of consumers' durable goods was again offset by further gains in the output of war materials, with the result that the general level of productive activity remained high. The record rate of steel production reached in March appears to have been maintained in April and the output of bituminous coal continued in large volume. Electric power production was maintained at the high rate of the three preceding months, seasonal factors considered. Incomplete figures indicate a pronounced contra-seasonal increase in the movement of bulk freight over the railroads; loadings of merchandise and miscellaneous freight, however, appear to have declined slightly. Owing to continued transportation difficulties, output of crude petroleum was further curtailed in April, when the Texas Railroad Commission issued a proration order shutting down most of the

Texas oil wells for 18 days during the month. Additional restrictions were placed on deliveries of gasoline to service stations in the Eastern Seaboard and Pacific Northwest areas.

Owing to the present and potential difficulties in obtaining adequate supplies of burlap from India, the W.P.B. on April 20 ordered the cotton textile industry to convert within two months a substantial portion of the looms still making civilian fabrics to the production of materials for bagging and other war uses. According to plans now being worked out, adequate supplies of essential civilian fabrics will be assured and it is expected that total production of cotton goods for all purposes will be increased considerably.

Employment and payrolls. During March, the number employed in civil nonagricultural occupations in the United States as a whole increased 370,000 to a total of 40,300,000 persons, according to estimates made by the Bureau of Labor Statistics. The largest gain during the month occurred among civilian government employees; factories and construction firms also added substantially to their working forces. Total civil nonagricultural employment in March was more than 2,500,000 above the March, 1941 level, and over half of this gain occurred in manufacturing industries.

United States factory employment during March rose about 1 per cent above the February level, and payrolls increased 2 per cent. Industries producing war goods continued to hire additional workers, more than offsetting the temporary layoffs due to conversion to war production of automobile factories and other consumers' durable goods plants. In nondurable goods industries there was, on the whole, little change in employment during the month. Compared with March, 1941, factory working forces were 12 per cent greater and payrolls were 39 per cent larger.

Building. The decline in the volume of nondefense construction, which has been going on since the middle of last year, will apparently be accelerated by the order of the War Production Board, dated April 9, drastically curtailing nonessential building. Last October the Supply Priorities and Allocations Board announced that projects requiring the use of certain critical materials and not required for defense or for public health and safety would not receive priority assistance. Under the new order, however, while ordinary maintenance and repair work may continue without restriction, no new construction, except on small projects or those essential to the war effort or to public health and safety, may be started without the specific permission of the W.P.B. The order also states that construction now under way may be halted if the materials used are needed for war projects. However severe this order may be, the W.P.B. expects that the total volume of new construction in 1942 will exceed the total for 1941, owing to the upward trend in the volume of awards for military projects.

April reports are not in, but department store sales continued to increase in March. In some districts, sales were particularly heavy in the following lines: radios, women's and misses' coats and suits, and men's and boys' clothing. Considerable gains were also reported in the sales of sporting goods. Sales of mechanical refrigerators declined. Stocks of merchandise held by department stores were very high. Evidently these stocks had been built up in anticipation of inability to obtain supplies as more of our effort is devoted to the production of war materials.

Corn. Last January, certain federal agencies emphasized the fact that corn disappearance during the last quarter of 1941 was light, relative to the total supply on hand. At that time, we pointed out that the large fall pig crop had not yet been able to consume much of this corn, but that in later months the great expansion in livestock would

certainly reduce the carryover of corn, assuming average acre yields in 1942. The Government now reports that during the first quarter of 1942, disappearance of corn in the United States was at a record high level, and that as of April 1, stocks of corn on hand were 39 million bushels below stocks on hand a year earlier. Disappearance of corn is expected to continue heavy, and the present Government estimate is that the carryover next October 1 may be between 500 and 550 million bushels, compared with the 1941 carryover of 646 million bushels. The oats carryover next July 1 is expected to be one-fourth smaller than last year. The total feed grain supply for 1942-43, assuming an average growing season, is expected to be about 5 per cent less than the 1941-42 supply, or about 10 per cent less per animal unit. Obviously, the Government wheat selling program will affect the size of the corn carryover. If the Government sells large quantities of wheat for feed, it will relieve the pressure upon the corn supply. If the sales of wheat for feed are insignificant, then it would seem that the Government's estimate of a carryover of corn of 500 to 550 million bushels next October 1 is too high.

Although the price of corn declined with other grains during the last two weeks, corn prices have recovered faster than other commodities. A car of Number One Yellow Corn sold at Chicago for 88 cents a bushel May 2, a new high price for Yellow Corn for the year.

Prices of farm products in relation to parity. In the price control bill that goes into effect May 18 on hundreds of articles, including most items entering into the cost of living, several food items were excepted either because of their seasonal variations in production and prices or because they were covered by previous legislation that prevented price ceilings below some definite relationship to parity.

As of April 15, 1942, average prices received by farmers in the United States for the principal products in which we are interested

were the following percentages of parity:

Wool	142	Hay	62
Beef cattle	131	Wheat	75
Hogs	123	Corn	82
Soybeans	123	Oats	86
Lambs	122	Butterfat	93
Veal Calves	120	Eggs	96
Chickens	107	Milk	96
		Apples	97

All farm products 99

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared May 15)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday May 14, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.23 5/8	$1.25¾
Corn (No. 3 yellow)	.85½-.86	.84¼-.86½	.89	.90
Oats (No. 2 white)	.56¼-.57¾	.58¾-159½	.55 3/8	.57 1/8
Soybeans (No. 3 yellow)	1.80-1.81½	1.81-1.82	1.84 5/8	1.87 3/8
Butter (90-91 score)	.37	.37¾	.3890 (Nov.)	.3965 (Nov.)
Eggs (current receipts)	.28	.28½	.3370 (Oct.)	.3380 (Oct.)
Hogs (top price)	14.15	14.15		
Cattle (top price)	16.50*	16.50*		
Hog-corn ratio, Chicago May 9	16.3	16.9		

* Nominal. No choice or prime steers sold.

In general grains lost about one-half of the previous week's gain. Livestock and butter and eggs were about steady. The price-fixing legislation and the indication that Congress probably would acceed to the Administration's request for permission to sell wheat and corn for feed at prices below parity (which has been the recent procedure) probably had a tendency to depress prices. The government report indicating likelihood of a bumper wheat crop was also bearish. On the other hand recent rains have tended to delay corn planting and corn prices have held up well

Farm labor. Secretary Wickard has brought to the attention of the people of the United States the fact that the ability of agriculture to produce food adequate in volume to take care of our domestic and lend-lease requirements may be hampered by limitations in the amount of labor, transportation facilities and farm machinery. It is anticipated that the armed forces will require from 6,000,000 to 9,000,000 men. In addition the War Production Board estimates that the nation's total employment is expected to reach 52,200,000 including 17,600,000 women by the end of 1943. This will include 4,000,000 more women than will be needed at the end of 1942. The additional women will be necessary because of the fact that the armed forces and war industries will have absorbed practically all available and qualified male workers.

Wheat for feed. Pending farm legislation gives permission to government agencies to sell government owned corn for feed and to sell up to 125,000,000 bushels of wheat for feed. It is understood that the corn will not be sold at a price below 85 per cent of parity and that wheat will not be sold at a price that will demoralize the corn market. The legislators representing the South seem to have been successful in preventing the sale of government-owned cotton at a price below parity.

Fats and oils. Because of recent adjustments in prices of cottonseed oil, the question has been raised as to what will be done about prices of other fats and oils, including lard and soybean oil. The Office of Price Administration indicates that they intend to "iron out" inequities in the current fats and oils ceiling price schedule, but that no general upward relaxation in this important price schedule is contemplated. The adjustments in prices will probably come between varying grades and kinds of fats and oils, and possibly between cash prices and sales on future markets. The War Production Board is

preparing to order packers and butchers to trim fat more closely from the carcasses of meat animals and to curtail the fat content of sausage and other prepared meats. They are also to remove kidney and other fats from beef, mutton and lamb for rendering before sale. This order is not expected to affect the price of meat animals. There may be some adjustment in the price of the retail cuts because they will be virtually all lean meat.

Storage facilities. As the new wheat harvesting season approaches, no solution has been worked out for the very tight storage situation that is likely to develop. Terminal elevators are heavily loaded, and there is now some talk of regulating shipments of cash grain. Farmers will be urged to store as much of their wheat on the farm as possible until the congestion can be relieved.

Income taxes. One means to help soak up the extra 17 billion dollars of income above the amount that can be spent for goods and services at present prices and the amount now being taken for taxation and estimated savings is by increasing taxation. This is a problem on which the House ways and means committee has been working for some time. A most recent suggestion has been that of lowering individual income tax personal exemptions for married couples from $1500 to $1200 and for single persons from $750 to $500, leaving unchanged the $400 credit for dependents and also leaving unchanged the 10 per cent credit for individual earned income up to $14,000. This is not far enough along to speak with assurance, but the lowering of personal exemptions is a probable substitute for federal sales taxes.

Price ceilings. Today (Friday) eleven district meetings are being held under the auspices of the state civilian defense council to explain to consumers the provisions of the recent order of the Office of Price Administration which on May 18 places a ceiling on retail prices

of thousands of articles at their highest price for the month of March, 1942. This is an essential step for the prevention of inflation. In Illinois we have just completed a three-day campaign to obtain pledges for the purchase of war savings bonds and stamps. All of us who pledged to buy these Government securities are happy to know that steps are being taken to make the interest and principal from these bonds worth essentially as much in terms of commodities upon redemption of the bonds as they are at the time of purchase. If prices were permitted to rise, we should be buying the bonds with dollars of one purchasing power and getting them redeemed in dollars that had less purchasing power.

The regulation of the cost of living also removes the argument that wages must be raised because the cost of living has risen. Of course, if wages are raised, national income goes up, the pressure upon prices becomes greater, the cost of articles produced with a higher wage increases and we have an upward spiral in prices and wages that is hard to stop. With limitations upon the prices of things consumers buy, there is also an opportunity for them to save more money which can be loaned to the government. In addition the prices of commodities that the government is obliged to buy for war processes and lend-lease activities are held down.

Price ceilings alone are not enough if commodities become scarce. It will be necessary then to ration goods in order that no partiality may be shown in the distribution of goods. It is very likely that we shall have a great deal more rationing than we have had up to date. Nevertheless it is anticipated that the American people will accept rationing and any other limitations upon their customary pleasures not only with good grace but with satisfaction. We shall be glad to know that steps are being taken to make sure that our war effort will not be impeded. We shall probably come to appreciate and enjoy the simpler life

which involves less "conspicuous consumption," more reading and wholesome family life.

On May 18 retailers are obliged to post ceiling prices for about 170 articles which are designated by the price administrator as cost of living commodities. The principal food items include: cuts of beef, beef liver, ground round steak, bacon, ham, salt pork, cooked or smoked ham and frankfurters; the following canned goods: peaches, pears, pineapple, corn, peas, tomatoes, pork and beans, green beans, tomato juice, grapefruit juice, pineapple juice, salmon, vegetable soup, tomato soup; packaged flour mixes, macaroni and spaghetti, rolled oats, corn flakes, bread of all types, soda crackers, fresh milk and cream, lard, vegetable shortening, sugar, coffee, cocoa, table salt, corn meal, rice and soap. Also included are numerous items such as tobacco, drugs, toiletries, ice cream, clothing, yard goods, footwear, household furniture, appliances, and furnishings, hardware, agricultural supplies, ice, fuel, gasoline, oil, tires and innertubes. There are a number of exceptions including: raw or un-processed agricultural commodities or greenhouse commodities while they remain in substantially their original state, eggs, poultry, butter, cheese, condensed and evaporated milk, flour, except packaged cake mixes, mutton and lamb, fresh fish, seafood and game, linseed oil, linseed cake, linseed meal, mixed feed for animals, live animals and numerous other commodities and services.

Heretofore there have been no ceilings on beef, even though beef cattle were far above parity. Ceilings had already been placed upon pork products, and hence there was an effective ceiling upon the price of live hogs. Presumably if and when prices of other farm products, which in the processed state are used for food, exceed 110 per cent of parity, they too will be subject to price ceilings. Fresh fruits and vegetables are exempt, partly because of the seasonal nature of their

production and prices. On the other hand the Office of Price Administration expects to work out numerous refinements and doubtless new ceilings will be worked out for commodities having great seasonal variation and those for which the March base is not satisfactory.

We can now worry less about speculative price changes and increasing costs and devote our entire energies to production and marketing. There is still considerable leeway for price increases for many farm products that are now below parity, but an effort will probably be made to hold down the price of feed, now that the price ceilings have been placed upon beef, pork, bottled milk and ice cream.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared May 29)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures	
	Thursday May 28, 1942	Week ago	(close) Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.20 1/8	$1.20 3/8
Corn (No. 3 yellow)	.84½-.86¾	.85-.86	.87¾	.86 5/8
Oats (No. 2 white)	.53-.53¼	.53-.53¾	.50¾	.50½
Soybeans (No. 3 yellow)	1.72	1.70 5/8	1.80 1/8	1.78¼
Butter (90-91 score)	.36	.36¾	.3780 (Nov.)	.3825 (Nov.)
Eggs (current receipts)	.29	.29	.3425 (Oct.)	.3405 (Oct.)
Hogs (top price)	14.25	14.30		
Cattle (top price)	16.25	16.75*		
Hog-corn ratio, Chicago May 23	16.4	16.2		

* Nominal. No choice or prime steers sold.

During the past week grain prices regained their equilibrium, but at a level not much above last week's low. Corn and soybeans showed most strength, but wheat and oats were unable to make any improvement. Cattle weakened a little, hogs were steady, butter weakened and eggs were steady. Cash corn has been relatively strong in spite of last week's decline in futures. The corn futures had been too high relative to cash prices, probably in anticipation of a more rapid rise in cash prices than actually took place. Such discrepancies are corrected during the delivery months, if not before.

Grain prices. Some improvement has taken place from the level reached by grain prices last week. Wheat prices still contend with the influence of excellent crop prospects and restricted storage facilities, as well as the possibility of the installation of a permit system in connection with all grain shipments to terminal markets. On the other hand the cash price is so much below the loan level that it is expected that producers will not sell any large quantity of cash wheat. If cash wheat sales are limited, there will be less hedging and less pressure on futures markets than would ordinarily be expected during the early harvest season.

Cash corn prices reached a new high for 1942 at 88¾ cents for No. 1 yellow corn at Chicago, Monday, May 25. Prices of corn futures also recovered promptly from the previous week. Quite a lot of corn was sold this week for later shipment to market, but the demand was strong enough to cause a rise in price.

Under the Commodity Credit Corporation's wheat-for-feed selling program, two price plans are being used. In some cases the feed wheat price is determined on the basis of the corporation's release price for corn. In such cases farmers will be permitted to redeem farm-stored wheat under the loan through June 30 at the corporation's release price for corn at the producer's delivery point, but not less than 93 cents a bushel. In the area where the feed wheat price is determined on the basis of the 1941 wheat loan value at the point of destination, redemption shall be at 3 cents more than the 1941 loan value of wheat. The wheat must be fed to livestock in order to be redeemed at these prices.

Wheat and corn for rubber. Because of the very serious rubber shortage that is likely to develop in the near future, attention has been given to the possibility of manufacturing synthetic rubber from grain and other farm products. Secretary Wickard, in discussing

this subject with the Senate subcommittee on agriculture and forestry, indicated that experiments had shown that it was possible to manufacture a rubber substitute from corn and wheat. Both are plentiful--the wheat supply is burdensome. The rubber substitute is made from butadeine, which is produced from grain alcohol derived from starchy cereals including corn and wheat. With an enormous supply of wheat in prospect, there will be no shortage of material for this purpose. The bottleneck would appear in the ability of manufacturers to convert wheat and corn into alcohol. If the entire alcohol industry were converted to this use, about 80 million bushels of wheat or corn would be required to produce 200 million gallons of alcohol; this in turn could produce 200,000 tons of butadeine, which would make about 240,000 tons of synthetic rubber. As a price raising measure, the removal of 80 million bushels of grain for this purpose would be of minor importance. On the other hand, the addition of 240,000 tons of synthetic rubber to our supply would be quite helpful.

Fats and oils. Present prospects are that total apparent disappearance of primary fats and oils in 1942, if unrestricted, will equal or exceed the record disappearance of nearly 11 billion pounds in 1941. Disappearance in the first quarter of 1942 was slightly greater than in the first quarter of 1941 and was about equal to the average quarterly disappearance for 1941 as a whole.

Production of fats and oils from domestic materials in 1942 is likely to be about 1 billion pounds greater than in 1941, but imports of fats, oils and oilseeds in terms of oil, which in recent years have varied from 1.5 to 2.5 billion pounds annually, may be much smaller than in 1941.

Disappearance of paint and varnish oils set a new high record in 1941. Requirements for such oils are expected to continue large this

year, unless consumption is restricted by Government order. The prohibition of non-essential building recently announced by the War Production Board will tend to reduce the quantity of paint and varnish oils needed, but this reduction may be about offset by increased use of such oils for ships and armaments, defense housing and possibly for repainting and redecorating purposes. Supplies of the fast-drying oils--tung, oiticia and perilla--will be very small, but abundant supplies of linseed oil are in sight. Prices of fats and oils generally are not expected to change materially in the next few months.

Dairy products. Prices of butter increased steadily during April to about 3 cents above the Government support level of 36 cents, but in early May lost about half of the gain. Prices of other dairy products, except casein, have been steady. Casein prices continued to decline. Butter prices again declined to the government support level Tuesday at New York.

The supply of feed grains per animal unit in 1942-43 may be about 10 per cent smaller than the unusually large supply in 1941-42, and feed grain prices probably will be higher. Supplies of high protein feeds, on the other hand, probably will be somewhat larger and prices may average a little lower. Although dairy product prices are expected to average higher in 1942-43 than in 1941-42, dairy product-feed price ratios probably will continue below the 1920-34 average for corresponding months. With 3 per cent more cows on farms, however, production of milk and manufactured dairy products in 1942 is expected to increase sufficiently to permit increased exports under the lend-lease program and a slight increase in domestic consumption.

Milk production is now increasing seasonally and was 4 per cent larger on May 1 than a year earlier.

Beginning May 27 the Agricultural Marketing Administration

initiated a program to purchase large quantities of dried whole milk weekly on an offer and acceptance basis for the United Nations and other needs.

Eggs. Wednesday, May 27, refrigerator egg futures attained their best May level in 13 years on the Chicago Mercantile Exchange when November contracts sold at 34½ cents. Egg futures prices are bolstered by persistently smaller inputs to storage than a year ago in spite of heavier arrivals. Processors are taking the cash eggs for breaking. The Chicago feed-egg ratio for the week ended May 23 was 5.72 compared with 5.90 last year and the 1931-40 average of 7.05 for the corresponding week. This means that egg production is much more profitable than in previous periods. It means that only 5.72 dozen eggs will pay for 100 pounds of feed now, although on the average during the past 10 years it took 7 dozen eggs to pay for 100 pounds of feed.

Sugar for canning. The Office of Price Administration has liberalized sugar rationing for home canners. They will now be permitted to obtain sugar in proportion to the amount of fruit canned, that is, they may obtain one pound of sugar for every four quarts of finished canned fruit and an additional one pound a year for each person in the family may be obtained for making jams, jellies, preserves and fruit butter. The OPA wishes to encourage canning instead of preserving because of the smaller amount of sugar used. The sugar rationing for fruit canning will be made by local rationing boards largely on the basis of home canning an individual or family unit has normally done, availability of fruits and related factors. The lack of sugar was tending to greatly restrict the outlets for Illinois strawberries at reasonable prices. Other fruits would have been affected in a similar way as they came on the market. This revision of the sugar rationing program should be of material aid to fruit producers, especially as compared with the penalizing action of the original rations.

Honey. Comb honey as a raw agricultural commodity is excluded from the general maximum price regulation. Extracted honey is covered at all levels including retailer, wholesaler, bottler, importer and beekeeper.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared June 5)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday June 4, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ ---	$ ---	$1.18¼	$1.20 1/8
Corn (No. 3 yellow)	.82-.84 3/4	.84½-.86 3/4	.86 3/4	.87 3/4
Oats (No. 2 white)	.49 3/4-.51½	.53-.53¼	.48 3/4	.50 3/4
Soybeans (No. 3 yellow)	1.65-1.68	1.72	1.74	1.80 1/8
Butter (90-91 score)	.35½	.36	.3790 (Nov.)	.3780 (Nov.)
Eggs (current receipts)	.29	.29	.3430 (Oct.)	.3425 (Oct.)
Hogs (top price)	14.35	14.25		
Cattle (top price)	16.25*	16.25		
Hog-corn ratio, Chicago May 30	16.6	16.4		

*Nominal. No choice or prime steers sold.

Prices of many farm products hit a new low this past week relative to recent quotations. Compared with prices at the close Friday, May 29, the low prices for this week represent declines as follows: (Chicago prices) wheat, July futures--3 3/4 cents; corn, No. 3 yellow--2 5/8 cents; oats, No. 2 white--2 3/8 cents; soybeans, No. 3 yellow--5 cents; rye, July futures--6 5/8 cents; grease wool, July futures, N.Y. --2.6 cents. There were substantial recoveries from these low prices.

There were several possible reasons for the declines in prices, but the immediate factor that touched off the landslide appeared to be President Roosevelt's executive order authorizing several government agencies, including the Army, Navy, and Department of Agriculture, to import war materials free of duty. Inasmuch as almost any farm product can be considered a war material, this meant that if the agencies used their power, corn could be imported free of the 25-cent tariff duty, wheat free of the 42-cent tariff duty, etc. Although we are operating under a system whereby Canada has been given quotas in connection with wheat exports to the United States, our own very heavy production and carryover of wheat added to the weakness caused by this new order. The executive order was based upon legislation passed during the first World War.

Government officials have indicated that the order was intended to provide for the importation of such strategic and scarce raw materials as metals needed in the armament program which were being imported anyway. Mr. Jesse Jones, head of the Reconstruction Finance Corporation, pointed out that in connection with the imports of duty-free wool, the price of domestic wool would not be affected. The domestic price has been at the ceiling level. Presumably there is no intention of importing wheat duty-free when we already have a very burdensome surplus in this country. Of course, the bargaining power of the administration is strengthened in its efforts to get Congress to permit government sales of corn and wheat at less than parity.

Price declines such as we experienced this week and two weeks ago naturally raise the question in the minds of farmers as to whether a further substantial decline in prices of farm products is forecast by recent market action. We can safely say that if there is a further substantial decline in the price of farm products, it would have to be the result of arbitrary pressure on prices by government agencies.

It is estimated that Congress has appropriated 200 billion dollars for the war effort since September 1, 1939. The incomes of farmers and industrial workers are extremely high. This means that there is a very strong domestic demand for foodstuffs and clothing. In addition, lend-lease purchases have been very substantial, so in spite of the fact that crop yields have been high and the output of all sorts of animal products has also been at an extremely high level, the demand is adequate to absorb these supplies at present or higher prices.

That leaves the question, "Will Washington officials take steps to drive down the prices of farm products?" My opinion is that they will not do so. All along, I have been impatient with the reluctance of Congress and the administration to take the necessary steps, especially the proper fiscal policy, to prevent inflation. The Office of Price Administration excuses this delay by saying that prices were permitted to find their own level for a time in order that higher prices and wages would divert materials and workers away from the production of civilian goods to the promotion of war effort. That is a legitimate function of prices. During peacetime, that is one of the chief functions of prices.

However, it is necessary to permit prices to rise only far enough to induce increased production of armaments and related items. Any rise in price above this level is needless and wasteful. Certainly any further rise in the general price level is quite unnecessary, and efforts probably will be made to prevent their further rise. There will be no great harm in permitting prices of commodities which are not essential to the war effort or which are being produced in great surplus to fall. In agriculture, that applies particularly to wheat. However, there is little danger of wheat declining in price much below present levels so long as farmers can place their wheat under government loan at 15 to 20 cents a bushel above present market prices.

Now that prices have risen even to an inflationary level, it would be detrimental to the war effort to force prices downward. We have many brilliant economists in Washington who, if they are not loaded down with administrative details, can see the advantages of planning for stable prices and can see the disadvantages of either inflationary or speculative rises in prices or deflationary declines in prices. Both are very disturbing and work hardships upon some class of the population. Although deflationary steps would be less painful during a period of maximum production such as the present than during postwar periods when there is a great deal of industrial unemployment caused by the change-over from the production of armaments to the production of civilian goods, it is very doubtful if any further steps will be taken which would have the effect of lowering prices of farm products. Rather, I should expect to see farm products which are far below the parity or ceiling levels approach those levels.

The principal factor which leads one to expect higher rather than lower prices is the maintenance of the present level or possible increase in the level of incomes associated with a very great decline in the quantity of goods and services available for consumers to purchase. Local stores indicate that they expect their volume of merchandise sales to decline to the 1932 level, not because there is no purchasing power, but because they can not get goods to replenish sold-out stocks. Jewelers say they can sell all their present stocks of watches during the current graduation period and next Christmas, but that they can not replenish their stocks so that they are really selling themselves out of business. On the other hand, the banking system expects an expansion of bank credit which is the same thing as saying an expansion in consumer income. Bankers have already approached officials of the Board of Governors of the Federal Reserve System in connection with the need for lowering reserve requirements in order that the banks can expand loans. It was

reported that Mr. Eccles of the Federal Reserve Board recognized that such a reduction in reserve requirements probably would be necessary in the future although at the present time excess reserves are ample to take care of a considerable expansion in bank credit. Therefore, all factors taken into consideration, there would seem to be no cause for concern over minor dips in prices of farm products. They are likely to be temporary, and they may be caused by rumors, or technical considerations such as an over-bought futures market, or temporary forced selling at harvest time because of the lack of storage space. Apparently the wheat market is troubled by the lack of storage facilities at the time when the new crop already has started to market. Practically all of the new wheat that has reached southwestern markets has gone into storage as would be expected with the present market price so far under loan rates. The corn futures market was over-bought, but that technical situation has been corrected. The open interest in corn futures declined this week 5 million bushels from the May top and 9 million bushels from the April top. It is now in a strong position. The only factor that could depress the prices of hogs and cattle to any great extent would be the lack of ships to get lend-lease goods across the water.

If imports, both of strategic war materials and other goods, could be greatly increased without serious disturbance to the present price structure, it would be very desirable. We would then be supplementing our own efforts with the efforts of producers in other countries. More of our effort could be released to produce necessary war materials which could not be imported. This would be a desirable way of preventing further price rises, and it would be a constructive national policy. Presumably the administration has some such procedure in mind.

The war. A magazine of the steel industry recently forecast an ending of the war earlier than is generally expected. It based its prediction upon the fact that the actual capacity of our steel and industrial plants was under-estimated and that war materials are being turned out at a rate faster than expected.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared June 12)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday June 11, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.19 1/8	$1.18½
Corn (No. 3 yellow)	.84½-.86¼	.82-.84 3/4	.86½	.86 3/4
Oats (No. 2 white)	.50½-.51¼	.49 3/4-.51½	.48½	.48 3/4
Soybeans (No. 3 yellow)	1.65¼-1.69¼	1.65-1.68	1.71½	1.74
Butter (90-91 score)	.34 3/4-.35¼	.35½	.3715 (Nov.)	.3790 (Nov.)
Eggs (current receipts)	.29	.29	.3390 (Oct.)	.3430 (Oct.)
Hogs (top price)	14.30	14.35		
Cattle (top price)	16.00*	16.25*		
Hog-corn ratio, Chicago, June 6	16.7	16.6		

* Nominal. No choice or prime steers sold.

Cash corn and oats were higher for the week. Hogs and cattle were steady to weak, but fed shorn lambs were active Thursday with prices 25 to 50 cents higher. Cash eggs were steady, butter a little weak and soybeans steady. The futures markets in grains had a nice run-up Thursday, then settled back to about the average for the week. Wheat showed the most strength. Rye temporarily checked its recent precipitous decline. Soybean futures were unable to reach last week's

top and were generally weak. Because of exceptionally favorable crop prospects, near-by cash corn and oats prices are likely to be stronger than prices of deferred futures, but both may decline somewhat.

Grain. Prices of all grains except rye and soybeans averaged higher during the past week than during the previous week. Wheat prices are subject to two influences working in opposite directions. Wednesday, the U.S.D.A. estimated total wheat production for 1942 to be 868 million bushels compared with 946 million bushels last year, and a 10-year average, 1930-39, of 748 million bushels. The carryover of old crop wheat was estimated to be 630 million bushels. When the new crop is harvested, we should have a supply of wheat on hand large enough to last us two years. A factor operating in the other direction is the effort of Congress to require a government loan to farmers at 100 per cent of parity instead of the present 85 per cent of parity. In addition the war news is blowing hot and cold with most of the recent news being favorable to the United Nations. Under these circumstances, a price swing of several cents a bushel may be expected. In general, however, the outlook is for somewhat higher prices of wheat, if, for no other reason, because the present price to farmers is so far below the loan price.

There will undoubtedly be some distress wheat reach the market because the producers are unable to find storage space. However, the Department of Agriculture announced June 8 that the Commodity Credit Corporation had contracted for construction of 26,610 wooden grain storage bins, having a combined capacity of approximately 60 million bushels. Half of the bins are to be delivered during June, and the other half during July. Negotiations are proceeding for the construction of facilities to accommodate an additional 40 million bushels for

delivery during the same period. Other contracts are expected to be let shortly. Some of these bins will be used for storage of wheat owned by the CCC, but it is expected that a greater number will be sold to farmers. Producers desiring to purchase any of the storage bins should make application immediately to their county AAA committees.

Corn. Prices of corn have held fairly steady this week, not repeating the break of last week nor reaching much above last week's high. The future of corn prices is also tied up with possible legislation. If Congress is able to pass a law requiring 100 per cent of parity loans, that would strengthen corn prices. Congress is also attempting to prevent the government from selling wheat for feed at a price below parity for corn. This would also tend to raise the price of corn, although from a long-time point of view, it would be bearish on wheat prices.

The hog-corn ratio this week is 16.7 at Chicago. This means that corn prices could rise substantially without making feeding unprofitable at present levels of livestock prices. However, the administration is making a strong effort to keep down the price of feedstuffs. With an administration that has been as much pro-farmer as the present administration, it would be unfair to jump to the conclusion that government officials have made an "about-face" and are now trying to prevent the farmer from receiving parity prices. In my opinion, what the administration is trying to do is to prevent any legitimate reason for raising price ceilings on consumer goods, particularly cost-of-living items. To illustrate this point, during the past ten days it was discovered that the relationship between wholesale and retail prices of lard was out of line. Rather than raise the price ceiling, the government lowered the wholesale price of lard. In connection with

the corn and hog situation, there will doubtless be a strong effort made to keep price ceilings of pork and lard at present levels. That is probably the reason government agencies are so anxious to keep down the price of feeds.

If the price of feed should rise appreciably, there would be quite a large faction of the farmers who would complain that they could not feed hogs to heavier weights at the then lower hog-feed ratio. The goal of agriculture is to produce greatly increased quantities of livestock products and meats. If it became unprofitable for farmers to feed heavily enough to reach the goals, there would be quite a lot of pressure brought to bear on the Office of Price Administration to increase the ceiling price on livestock products. This would be one entering wedge which would be used as an excuse probably to increase other ceiling prices, and the eventual result might be to nullify the whole price-fixing program.

The government estimates that the disappearance of corn during 1941-42 probably will be close to 2,800 million bushels compared with the disappearance of 2,511 million bushels in 1940-41. Of course, the disappearance of corn might be less heavy if more wheat is fed. However, the disappearance of feed grains is likely to exceed 1942 production, and the carryover may be reduced considerably.

Other grains. Estimates of production of other grains as of June 1 were: Oats--1,252 million bushels this year compared with 1,176 million last year and a 10-year average of 1,007 million bushels; barley--402 million bushels compared with 358 million bushels last year and an average of 225 million bushels, and rye--54 million bushels compared with 53 million bushels last year and an average of 45 million bushels. It is too early, of course, to give any estimate of soybean

production, as most of the crop has just been planted and a substantial acreage remains to be planted. Prices of soybeans have been very weak as a result of an extremely weak cash market for soybean meal and the surprising development of soybean oil price quotations below the ceiling. Good pastures, plenty of corn and other feed grains and the threat of the sale of large quantities of wheat at feed prices have tended to depress soybean prices. The cash article has been selling at a substantial discount under the July futures.

A very large increase in the production of all oil seeds is anticipated. Recent developments indicate that the total supply of high protein feeds for 1942-43 may be more than 7 million tons, about 25 per cent greater than the supply this year. The price of soybeans next fall will depend upon a number of factors which are unpredictable at this time. Most important will be the yields of oil seeds including soybeans, peanuts, cottonseed and flaxseed, but competition with wheat for feed and war developments will have a great deal to do with determining the price. Of course, the farmer is pretty well protected through the purchase and loan program for soybeans that is now in effect.

Livestock. Beef cattle continued to be received at the central markets in numbers considerably in excess of receipts a year ago. Cattle receipts at 12 public markets for the months of March to May, inclusive, were 14 per cent above a year ago; for the month of May, 4 per cent above, and for the week ending June 6, 20 per cent above the comparable period a year ago. Calf receipts in May were down 7 per cent and for the week ending June 6 were about the same as a year ago. No liquidations of breeding herds is in prospect. The ceiling price on beef places an effective ceiling on the price of beef cattle. However, with the abundant pasture, hay, feed grains and concentrates, it is likely

that cattle feeding will continue to be profitable so long as feeder cattle can be bought at reasonable prices. Either the producers of feeder cattle will make money or the feeders will make money, or both.

Hogs. Hogs receipts at 12 markets for the eight months, October to May, were 4 per cent under the previous year. However, receipts during May were 2 per cent higher than a year earlier, and for the week ending June 6, were up 10 per cent. The great increase in hog numbers which started with last fall's pig crop is just beginning to show up in the central markets. Weights of barrows and gilts now being marketed are about the same as weights a year ago. For the month of May they were two pounds higher at Chicago and Kansas City and Omaha, the same at East St. Louis, two pounds lower at St. Joseph and 11 pounds lower at St. Paul.

Omaha received the heaviest weights, followed closely by Chicago. There is a 20-pound drop reported by receipts at Kansas City. The lowest weights of all are at East St. Louis. The average at East St. Louis for May, 1942, was 216 pounds and 258 pounds at Omaha.

Agricultural economists at the University of Illinois estimate the number of hogs to be slaughtered in 1942 at 85 to 87 million head, compared with 72½ million head in 1941 and an average of 57½ million for the three years, 1936-38. Total production of pork is expected to be 84 pounds per capita compared with the three-year average of 60.6 pounds. Lard production is expected to be 20 pounds per capita compared with 12.4 pounds. However, it is expected that exports of both pork and lard will be substantial, and that the per capita consumption of pork will actually be 69 pounds instead of the 84 pounds that are available for consumption and exportation. The per capita consumption of lard will be 13.8 pounds instead of 20 pounds. If these estimates prove to be

correct, it would appear that the income of domestic consumers would be sufficiently high to maintain the price of pork and lard at ceiling levels throughout the entire year, with the possible exception of the winter months, when the shipment of hogs to market reaches its peak. Secretary Wickard has urged farmers to distribute the marketing of the hogs over the entire year to as great an extent as possible because of the possible shortage of storage and transportation facilities. There is no assurance that exports can be shipped out of the country at the time and in amounts in proportion to receipts during the one or two rush months.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared June 26)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures* (close)	
	Thursday June 25, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$1.17 5/8	$ --	$1.21 1/8	$1.23
Corn (No. 3 yellow)	.85¾-86½	.84¼-.84½	.89¼	.89½
Oats (No. 2 white)	.50½	.51	.48¼	.50¼
Soybeans (No. 3 yellow)	1.72¾-1.73¾	1.68-1.75¾	1.76 3/8	1.75 7/8
Butter (90-91 score)	.35-.35¼	.35-.35¼	.374	.3750
Eggs (current receipts)	.29-.29¼	.29-.29½	.341	.3370
Hogs (top price)	14.55	14.45		
Cattle (top price paid)	14.35	14.65		

* October soybeans, November butter, and October eggs

Prices have changed but little in the past week. Cash wheat appeared on the market, No. 2 soft wheat selling at about 13 cents under the loan price at Chicago and at 12 cents under the loan price at St. Louis. It should be borne in mind that the crop of soft (red) wheat is small in spite of the large total stock of all wheat. Cash corn strengthened. A big volume is being sold. Oats were a little lower, as is characteristic at this season. Soybeans were a little stronger, reflecting an improvement in the soybean-meal situation. Butter drags along on the government peg, reflecting a general weakness in the dairy situation on account of large stocks of manufactured products. Eggs were

unchanged. Hogs were up a little; the competition for supply is strong; all interests desire to supply their customers as far as possible. Top cattle were down a little.

Wheat and oats futures were both down for the week; soybeans were up a little; September corn and November butter were about steady, and October eggs were a little higher. All in all, these changes indicate that very little new developments have occurred in the past week.

Changes Over the Past Two Years. I recall making the statemen about two years ago that the war would cause more improvement in the prices of livestock and livestock products than in the prices of grains. As I recall, I gave two reasons. First, the huge increases in consumer incomes which the war would generate would cause a direct increase in the demand for livestock and livestock products. Second, the overseas demands would likely be stronger for the more concentrated livestock products than for the more bulky grains. Also Canada could supply the requirements of Great Britain for wheat, and our access to the continent of Europe had been largely cut off by the German conquest of Europe from Norway to France. Let us look back and see what happened? In May 1942 the prices paid Illinois farmers had increased by the following percentages over the prices two years earlier:

Corn	39%	Hogs	143%	Butterfat . .	48%
Wheat. . . .	26%	Beef cattle. . .	42%	Milk.	52%
Oats	49%	Milk cows. . . .	54%	Eggs.	86%
Soybeans . .	83%	Lambs.	37%	Wool.	43%
				Chickens. . .	38%

In general the prices of livestock and livestock products have increased more than the price of the grains. For example the price of corn was up 30 per cent and that of hogs 143 per cent; the price of wheat was up 26 per cent and that of cattle up 42 per cent; oats prices were up 49 per cent and egg prices 86 per cent. Soybeans were in a clas by themselves among the grains; their price was up 83 per cent. It should slso be remembered that the price of both corn and wheat has

been supported by higher loan rates in the later period.

The big increases in prices were first in hogs -- nearly 2.5 times as high in price as two years earlier; second in eggs -- up almost 90 per cent higher in price; third in soybeans -- about 80 per cent higher, and fourth in milk and milk cows -- about 50 per cent higher in price.

Beef cattle and lambs increased less in price; they were on a relatively high basis two years ago. The same was true of wool.

The Influence of Government Purchases. What accounts for these large increases in prices of hogs, eggs, soybeans and milk? The demand for all of these commodities has been peculiarly increased by the war. A little over a year ago the government announced a lend-lease program for supplying (with many products) the nations which have since become our Allies in prosecuting the war. No cash was required; settlement was to be made later. Among the commodities desired were certain foodstuffs, particularly pork, lard, eggs and manufactured dairy products. The capture of our former sources of supply of imported vegetable oils by Japan emphasized the need for more home production. Hence the emphasis on soybeans. This crop also produces an excellent high protein feed -- soybean oil meal -- which is needed in connection with our expanded livestock production program. During the past year the government has brought huge quantities of the above mentioned products for export under the lend-lease plan. Thus in April 194 million dollars worth of farm products were bought and in May $154 million. Since the program began, the total of purchases has been $1,225 million. This is largely an addition to the demands of consumers in this country.

Among these purchases in May were:

Canned pork	85 million pounds
Cured pork.	59 million pounds
Frozen pork loins	17 million pounds
Lard.	72 million pounds
Evaporated milk	4 million cans
Cheese.	38 million pounds
Dry skim milk	42 million pounds
Dry whole milk.	390 thousand pounds
Butter.	7 million pounds
Dried eggs.	27 million pounds
Salad oil	25 million pounds

These tremendous purchases of pork and lard are maintaining the market for hogs; currently about 40 per cent of the pork and two-thirds of the lard produced in inspected packing plants are being taken. Likewise the purchases of dried eggs are supporting the market for eggs. Also the heavy purchases of manufactured dairy products are supporting the price paid for milk and butterfat. The heavy purchase of salad oil doubtless is helping to clean up the heavy output of soybean and corn oil.

These purchases are being made all over the country, and Illinois farms are active suppliers. Thus, the Agricultural Marketing Administration purchased 43,448,963 pounds of pork meat products and 19,055,200 pounds of lard for shipment from Illinois producing centers, from May 14, through May 31, 1942, according to a report made today by James C. Hobart, state AMA supervisor.

During the same period, the Department of Agriculture purchasing agency also acquired for shipment from Illinois points 269,000 cases of evaporated milk, 1,833,400 pounds of dried eggs, 61,600 pounds of dried egg yooks, 1,306,500 pounds of American cheese, 509,020 pounds of dry skim milk, 315,000 pounds of fresh salted creamery butter, 250,000 pounds of dehydrated soup, 26,500 pounds of vegetable seeds and 117,250 bundles of hog casings.

The class of products for which supplies have most nearly

caught up with demand is dairy products. Production has increased very considerably. The emphasis in purchases has shifted from evaporated milk, which concentrates milk about one-half, and cheese, which concentrates milk about 90 per cent, to dry milk products. The emphasis is on concentrated products, for shipping is scarce.

The AMA has made the following statement:

"More dried milk powder,--manufactured by the spray process is one of the biggest jobs the dairy industry has today. With guns, tanks and food vying for a place on the ships, it's the food that packs the most nutritive value in the smallest space that wins out. It takes four shiploads of evaporated milk to equal the food value of one shipload of whole milk powder, and that is why the Agricultural Marketing Administration is placing so much emphasis on spray process milk powder -- both from skim or whole milk.

"More than 170 million pounds of dry skim milk were bought during the past 14 months, in addition to about 4 million pounds of whole milk powder. But most of it was made by the roller process, and powder manufactured this way can not be used so readily for fluid purposes.

"Frankly, milk powder is needed much more right now than evaporated milk. The current rate of evaporated milk production and stocks on hand are much larger than are necessary to meet requirements for the 1942-43 season. To illustrate, the current rate of evaporated milk production is between 90 and 100 million cases a year. But it is estimated that about 65 to 70 million cases would take care of needs here at home, supply the armed forces, United Nations and still leave a larger reserve stock to meet unforseen demands. In another month it is estimated that the Agricultural Marketing Administration will have a reserve of about 25 million cases. That is ample under present conditions.

"While it is enlarging its purchases of spray skim and whole milk powder, the Agricultural Marketing Administration is continuing to buy dry roller skim, American cheese, and evaporated milk. . . But substantial curtailment of evaporated milk production in areas where other processing and marketing outlets are available is suggested.

"If there should be changes in the requirements of our allies, it would be necessary to announce them to farmers and to the trade and take the necessary steps to obtain the products required. In this emergency we have to be prepared to make rapid adjustments. The war job the farmers and industry have been called upon to perform during coming months is unusually large and complex."

Some Illinois farmers selling milk to cheese factories have lost their market. Partly this reflects low quality milk, and farmers should remember that cheese has to be cured. It takes good milk to make a good product. Partly it reflects the fact that our cheese production built up very fast. Pastures have been good and cows have produced heavily.

This loss of market for milk and cheese should not upset farmers with regard to needs for other products. The government is continuing to buy large quantities of concentrated foods. Among these are pork, lard, dried eggs and dried milk. It is also continuing to take large quantities of evaporated milk and cheese.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

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(Prepared July 3)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices At Chicago

	Cash		September futures* (close)	
	Thursday July 2, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$1.17 5/8	$1.20½	$1.21 1/8
Corn (No. 3 yellow, new)	.84¾	.85¾-.86½	.89¼	.89¼
Oats (No. 2 white)	.49	.50½	.47 5/8	.48¼
Soybeans (No. 3 yellow)	1.71-1.72	1.72¾-1.73¾	1.76	1.76 3/8
Butter (90-91 score)	.35¾-36¼	.35-.35¼	.3790	.3740
Eggs (current receipts)	.30	.29-.29¼	.3425	.3410
Hogs (top price)	14.70	14.55		
Cattle (top price)	14.50	14.35		

* October soybeans, November butter and October eggs.

At the close on Thursday, prices of all grains were slightly lower than a week earlier, except September corn, which closed at the same figure. No. 3 yellow corn was somewhat lower. The grain markets were influenced during the week by the liquidation of July futures and the deliveries of considerable quantities of grain on contracts. The movement of new crop wheat is beginning to increase in the Southwest. Apparently yields are high. Storage difficulties continue. The country sells corn freely when the price of corn approaches 80 cents a bushel to farmers in central and eastern Illinois.

Butter and eggs were both stronger. We are getting to the season when production of these commodities declines. Top hogs and

cattle were both higher on Thursday than a week earlier. The present hog top is equal to the highest July price for many years. Discounts on heavy hogs are widening. At this season, hog prices are typically working up toward their summer high, but further substantial advances will be limited by ceilings on pork. Lower grades of cattle seem to be somewhat firmer than the better grades.

Future hog supplies - Marketings of hogs are now running higher than a year ago, reflecting the larger fall crop of 1941. The June pig report of the U. S. Department of Agriculture has recently been released. Large increases in the spring crop of 1942 are reported, and further increases in the fall pig crop are forecast. The Illinois figures indicate a spring pig crop of slightly more than six million head -- 20 per cent above the 1941 crop, and a crop for the year of 10.6 million head. This will surpass the record 1941 crop by 21 per cent. Still larger increases are indicated for the western corn-belt states, where hog production had been at a relatively lower level than in Illinois.

These figures indicate that there will be huge supplies of hogs for market during at least the next 12 months. They represent just as much a contribution to the war effort as do increased outputs of tanks, planes or cannon, and farmers should be proud of their efforts in making it possible for our troops, our allies and our civilian population to be well fed in these times when strenuous efforts are required.

As long as the government can continue to buy pork in huge quantities for lend-lease purposes, prices for hogs will continue at favorable levels. Some difficulty may be experienced next winter in getting the huge supplies processed. The better the supply is distributed, the less the difficulty will be.

The larger hog production means heavier consumption of corn. Figures will shortly be available as to the stocks of corn on July 1. It is clear, however, that farmers still have considerable corn on farms,

and that the carryover next October will be large, probably in the neighborhood of 500 million bushels. However, unless we have a better than average corn crop this year, the carryover of corn will likely be reduced to normal levels by October 1943. The ever-normal granary will then be empty of corn. But we still have a large reserve of wheat -- perhaps 400 million bushels -- which could well be used for feed.

Effects of price ceilings - Price ceilings have been established during the past nine months on more and more commodities. Ceilings on prices of fats and oils applied last fall were the first to affect the market for important Illinois farm products. The ceiling on crude soybean oil of 11¾ cents limits fluctuation in soybean prices largely to those associated with fluctuations in soybean meal. It is interesting to note, however, that currently the nominal price of soybean oil is 11¼ cents a pound, or ½ cent below the ceiling price. One explanation for this is that users of the product are consuming inventories, because, with a fixed price, there is no need to carry stocks to protect against the effect of possible price advances.

The general price ceiling has now been in effect for about a month and a half, and apparently the ceilings have been applied without serious objections. Some interests which are being squeezed are seeking adjustments. Wholesale prices have declined slightly in the past month, and temporarily the battle against inflation is being won.

Ceilings were fixed by the general order on prices of both pork and beef at wholesale and retail. The reactions of the markets for hogs and cattle to these ceilings were quite different, and this difference has raised many questions in farmers' minds.

In spite of liberal receipts, prices of hogs have strengthened since the ceilings were established. Currently the situation can only be characterized as strong. The apparent reason for this strength is that the demand for the supply in excess of the hogs needed to supply Government orders is very strong. All interests among the packers battle for their share of this supply. This keeps the price of hogs high in

relation to ceiling prices at which the pork must be sold. This situation is likely to continue until supplies increase to the point where the quantity available for domestic distribution is large enough to satisfy the intense consumer demands. These consumer demands are strong because of increased incomes and limited outlets for consumer spending because of reduction in supplies of durable goods.

The situation with reference to cattle prices has been difficult. The average prices for beef steers sold for slaughter at Chicago for designated periods were:

	March 1942	April 1942	May 1942	June 22-27 1942
Choice & prime	$14.71	$15.63	$15.07	$13.97
Good	13.03	13.83	13.65	13.09
Medium	11.24	12.02	12.33	12.20
Common	9.66	10.35	11.02	11.02
Average	$12.59	$13.26	$13.22	$13.14

The average cost of feeder steers for the same periods were:

Chicago	$11.27	$12.05	$12.65	$12.22
Kansas City	11.47	11.93	12.00	11.76
St. Paul	10.01	10.74	10.80	10.78

Choice and prime steers at Chicago in the last week in June averaged 74 cents less per 100 pounds than in March, $1.66 less than in April and $1.10 less than in May. On the other hand, medium steers in the last week in June ranged 96 cents higher in price than in March, 18 cents higher than in April and only 13 cents less than in May.

Changes in prices of good steers were intermediate between those of choice and prime and of medium. In other words, since price ceilings were set in the middle of May, the prices of lower grades of cattle have held up and prices of better grades have declined.

At the end of June the average cost of feeder cattle was down from the May average. They were 43 cents per 100 pounds less at Chicago, but only two cents less at St. Paul. But they were higher at the end of June than in March and slightly higher than in April at Chicago and

St. Paul. Thus prices of feeder cattle have followed the same pattern as the prices of the lower grades of slaughter stock.

The decline in prices of better grades of cattle probably reflect, in part, readjustments to the ceilings on beef which were originally fixed at the highest March price of each seller. Recently they may reflect increased receipts of the better grades of cattle.

The receipts of slaughter steers at Chicago were distributed as follows:

	March 1942	April 1942	May 1942	June 22-27 1942
Choice & prime	11.5%	9.9%	4.4%	17.8%
Good	48.9	44.5	55.7	66.3
Medium	36.9	42.8	37.3	14.9
Common	2.7	2.8	2.6	1.0
Total	100.0%	100.0%	100.0%	100.0%

Ten per cent of the slaughter steers at Chicago were choice and prime in April, only 4 per cent in May, and 18 per cent in the last week in June. This increase is seasonal, as more long-fed cattle become available for sale. Possibly some feeders held back better cattle when the ceilings were first established.

The strong price on the lower grades reflects, at this time, reduced supplies. In April, 43 per cent of the slaughter steers were classed as medium and in the last week in June this percentage had declined to 15. Also the government is apparently buying more of the lower grades of beef for canning purposes. Field armies must, in part, be fed out of tin cans.

Change in beef ceilings - Recently a new order has been put into effect regarding ceilings on beef prices to become effective July 13. Wholesale sellers of beef are not to charge more for beef or veal than "the highest price actually charged by the seller during the period, March 16 to March 28, 1942, at or above which at least 30 per cent of the total weight volume of the sellers' sales of carcasses of the same

grade were made during such a period." Different prices are to be figured for carlot sales, branch-house sales, car-route sales, etc.

The effects of the new rules will be:

a. To lower the ceilings on beef somewhat. Formerly they were based on the highest price, at which sales were made on March 1, 1942. Now they are to be based on the price above which 30 per cent of sales of the same grade were made in the designated period. This will likely be reflected in lower prices on some grades of cattle.

b. To more clearly differentiate cattle prices for grade. Each wholesale cut must be stamped with letters according to the government grades now in effect as follows:

Grade	Letter
Choice	AA
Good	A
Commercial	B
Utility	C

If the rule is uniformly and correctly applied, retailers and consumers should know the grade of beef which they are buying, and this should tend to eliminate substitution of lower for better grades.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By L. J. Norton
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(Prepared July 10, 1942)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures* (close)	
	Thursday July 9, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ —	$ —	$1.23 3/4	$1.20½
Corn (No. 3 yellow, new)	.85¼-.87½	.84 3/4	.90	.89¼
Oats (No. 2 white)	.50½-.51¼	.49	.49 1/8	.47 5/8
Soybeans (No. 3 yellow)	1.73½-1.76	1.71-1.72	1.76 1/8	1.76
Butter (90-91 score)	.35 3/4-.36	.35 3/4-.36¼	.3790	.3790
Eggs (current receipts)	.31	.30	.3445	.3425
Hogs (top price)	14.85	14.70		
Cattle (top price)	14.40	14.50		

* October soybeans, November butter and October eggs.

All grains were higher for the week. The action of the Senate in approving full parity loans on wheat and corn was credited with part of this advance. The general advance in prices of stocks may also reflect a change in attitude on the part of investors which may have been reflected in the grain markets. Butter prices changed but little during the week. Eggs were higher. "Current receipts" were up one cent a dozen and October futures, two-tenths of a cent. The top in the hog market was 15 cents higher than a week earlier, although not as high as at the end of last week. Heavier receipts in the early part of the week erased this extreme top. Top quotation on cattle was a dime lower than a week earlier.

The wheat situation. The wheat crop now being harvested in Illinois is the smallest since 1912--30 years ago. In that year we harvested only a little more than 10 million bushels. This year the crop is estimated to be about 19 million bushels. Bad weather at seeding time and too much moisture this spring have both operated to reduce this crop. It is a strange comparison with the last war when every effort was made to get more wheat grown. In 1919 the farmers of this state raised 70 million bushels. No one, except the man who has a poor acre yield and thus will have low returns for his labor and land, is much disturbed about our short wheat crop in this state. The reason for this is well understood: This nation has more wheat than it knows how to use. We had a carryover on July 1 of about 630 million bushels. The new crop will raise the total supply to about 1,500 million.

Last year we thought we had a burdensome supply--it amounted to 1,330 million bushels. During the 10-year period, 1931-1940, the annual disappearance of wheat averaged 688 million bushels. This year we may use more than 700 million. Our present stock represents about two years' supply. Until the war ends, there is little prospect for exports. Feed use will likely increase, although the loan will hold the price of wheat too high for it to be used freely as a feed.

The government has been making an effort to sell wheat for feed from its loan stocks. Up to early June about 32 million bushels had been sold--a little more than a million bushels a week since the program was begun. In relation to the quantity involved, this is "chicken feed." Since February about 2.5 million bushels have been sold for alcohol production. This wheat sales program is now involved in a deadlock in Congress; the Senate voted to authorize sale of 125 million bushels of wheat for feed and as much as can be moved for alcohol. The

House is holding out for no sales below the parity price. Parity on wheat in May was $1.34 a bushel. Regardless of how this dispute comes out, sales of wheat for feed are not likely to be large until corn supplies are greatly reduced and the price of corn is considerably higher. If we raise a good corn crop this year, these conditions are not likely to develop before the summer of 1943.

If farmers can find the storage and the wheat is not too high in moisture, a large proportion of this year's crop will likely go into the loan. If this happens, the experience of the past two years would suggest that the open market price would be below the loan during the harvest seasons, but subsequently would rise to above the loan level and then fluctuate considerably. However, the difficulty of obtaining storage space, the higher cash price and damp grain may cause more wheat to be sold. The larger the supply of "free" wheat, the longer the rise to the loan level may be delayed. It is interesting to note that in both of the past two years, the high price on wheat has come around the end of the calendar year. This was the usual seasonal high for wheat under free markets. Many farmers who had a little profit in their loan wheat lost it by not selling out at that time. This illustrates the importance of being familiar with usual seasonal movement, which still seems to operate even though the loans are of dominant importance. For grains these seasonals are discussed and analyzed in Circular 516, published just a year ago by the College of Agriculture.

In spite of the very large total carryover of wheat, the situation is somewhat different for the soft red winter class. Our national supply of this will be about 220 million bushels compared with an average of 237 million bushels for the past ten years. Comparable figures for hard red winter are 667 million against 412 million and for hard red spring, 415 million against 194 million. Under these conditions some premiums on soft wheat are quite likely.

The feed outlook. Prospects for this year's crops are still uncertain. Usually we have no clear line on the size of the corn crop until around the first of August. Based on planted acreages, the total supply of the four principal feed grains in 1942-43 may be about four per cent below the near-record 1941-42 supply. In view of the increase in livestock numbers, the supply of feed grain per animal unit may be about ten per cent smaller than the very high 1941-42 supply. Pasture conditions have been excellent. The total hay supply, including the carryover and the new crop, is expected to be more than 100 million tons. In some sections the feed value of the hay has been reduced by the heavy rains during harvest. Present prospects point to a crop of oilseed cake and meal perhaps one-fourth larger than last season.

To sum up--if this is an average crop season, we will have less feed grain per animal unit, more high protein supplements and large supplies of hay. Looking farther ahead, by the end of the corn-marketing year in October 1943--15 months from now--our carryover in corn is likely to be reduced to a normal figure or, in other words, our ever-normal granary of corn will have been liquidated. It served a very useful purpose in our war effort: It permitted a tremendous increase in the output of meat, milk and eggs. To maintain this high rate of production of livestock products after the surplus corn stocks are used up, we must either find a way to draw more heavily on our accumulated stocks of wheat, or we must step up our production of corn and other feed grains.

The price of corn has fluctuated over the past several weeks at around 86 cents for No. 2 yellow corn at Chicago. The current rate of consumption of corn is high; the wet process corn industry (starch, corn sugar, etc.) is grinding about 11 million bushels a month. The distilling industry, converted largely to manufacture of industrial alcohol, is using corn at a high rate. To supply these demands,

terminal market stocks are being reduced only slightly while farmers have sold heavily. Whenever the price to the farmer approaches 80 cents, sales are heavy enough to satisfy the demands. We are now marketing the heavy crop of 1941, and the strength in the corn market in the force of these heavy sales is indicative of a strong underlying situation.

Oats have declined in price in recent weeks, a usual seasonal decline. Some new oats have been bought from farmers at around 40 cents a bushel, which is 1¼ cents a pound. Currently the price is below this. This compares with a price of corn of about 1.4 cents a pound at the farm. Typically, the price of oats has declined more often than it advanced from May to August, and then has begun a rise to December. With oats now cheaper than corn, feedings of oats will be heavy. This might reduce marketings so that the seasonal advance may come earlier than usual.

Soybeans are in an interesting position. Currently the demand for soybean oil is weaker than the demand for meal. The price of oil has declined from the ceiling price of 11 3/4 cents a pound to 11 cents, apparently reflecting accumulations of oil. On the other hand, the meal seems to be moving freely at around $34 a ton in carload lots, in bulk, Decatur basis. The figure is several dollars a ton below the ceiling price on meal, which, of course, varies for different firms. The current price of soybeans reflects these prices.

The government has guaranteed $1.60 a bushel on No. 2 beans of high oil content. If meal and oil both sold at their ceilings, the mills could pay somewhat over this price for soybeans and earn unusual margins. This is evidenced by the situation in March when the price of soybeans to farmers was well above the $1.60 "floor price." Thus the present ceilings permit the price of soybeans to be above the government price. But if the prices of oil and meal are enough below these ceiling

prices so as to make beans less than $1.60 to the mills, then difficulties will develop. The only way which the mills can be kept running is through government subsidy and this will involve many difficult problems.

Only in the two drouth years, 1934-35 and 1936-37, and in the current year, 1941-42, has soybean meal sold at the level needed to maintain $1.60 for soybeans. Can soybean meal be maintained at such a level under the conditions of the larger supplies? Supporting factors will be a fairly high price for corn, a large expansion in numbers of livestock and a somewhat smaller increase in the cotton acreage than the goal set by the Secretary of Agriculture. Illinois farmers, by using large quantities of soybean meal, will help maintain this market.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared July 17)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September features*	
	Thursday July 16, 1942	Week ago	(close) Thursday	Week ago
Wheat (No. 2 soft red winter)	$ -----	$ -------	$1.20	$1.23 3/4
Corn (No. 3 yellow, new)	.85¼-.87	.85¼-.87½	.90 1/8	.90
Oats (No. 2 white)	.50 3/4-.52	.50½-.51¼	.49¼	.49 1/8
Soybeans (No. 3 yellow)	1.72-1.74½	1.73½-1.76	1.75½	1.76 1/8
Butter (90-91 score)	.36¼-.36½	.35 3/4-.36	.3845	.3790
Eggs (current receipts)	.31	.31	.3435	.3445
Hogs (top price)	14.85	14.85		
Cattle (top price)	14.65	14.40		
Hog-corn ratio, Chicago, July 11	16.5	16.6		

* October soybeans, November butter, and October eggs.

Grain markets were very erratic during the past week, largely in response to legislative developments and White House attitudes. Wheat suffered the most after a run-up of almost seven cents a bushel. Corn and oats showed more resistance on the relapse. Soybeans behaved about like other grains but were not subject to hedging pressure and closed Thursday about 1 to 1½ cents below the previous Thursday. Butter stengthened, eggs, hogs, and beef cattle were about steady. The 100-

per-cent-of-parity loan bill has not yet been disposed of, so we may continue to have erratic markets until that issue is settled. Presidential approval of 100 per cent loans is doubtful.

During the past week there have been two significant developments affecting the prices of farm products, and a third was suggested in Thursday's papers. I refer to the July 1, crop report and the legislation permitting the sale of 125 million bushels of wheat at a price equal to 85 per cent of the parity price of corn. The third item was the proposal by President Roosevelt to restrict wage increases in order to combat the rapidly increasing dangers of inflation. This item is by all odds the most important of the three. Neither the President nor Congress has been willing to tackle the problem of preventing wage increases in order to hold down costs and prices as a means of preventing inflation. That was one reason that farm organizations were reluctant to consent to the sale of farm products at less than parity. It is quite possible that the House receded from its former stand of insisting upon sales of wheat at at least full corn parity as a result of some understanding with the Administration that steps would be taken to prevent further increases in wages.

A recent report indicates that prices of farm products were 152 per cent of the base period level; prices of commodities farmers buy, interest, and taxes were 152 per cent of the base period level, but that wages were 300 per cent of the level of the base period. The recent order of the War Labor Board which granted 44 cents a day increase to steel workers instead of $1.00 a day as requested indicates that the attitude of the Administration may be stiffening in this connection. Leon Henderson, of the Office of Price Administration, has insisted all along that if price ceilings were to hold, and if inflation were to be prevented, it would be necessary to hold down wage rates as well as commodity prices. One of the plans now proposed is that if costs become so high that an industry cannot sell

its product at a profit at the ceiling price, the industry would be subsidized by the Government, and the price to consumers would be prevented from rising above the present ceiling.

The danger of inflation is quite real. The income of consumers is likely to increase very rapidly as the Government spending for war purposes increases even though other types of industrial production are drastically curtailed. One estimate indicates that the spending for armaments in July, 1940, was $225,000,000 a month; in 1941, $1,200,000,00 a month; in 1942, $4,500,000,000 a month; and that in July, 1943, it may reach $8,000,000,000 a month. Along this line, Jesse Jones, Secretary of Commerce, declared that "American people will have over 30 billion dollars more income in 1943 than the value of things for which the money can be spent." This is not only the result of the great expansion of expenditures for armaments, but also the result of a very severe contraction in the quantity of manufactured goods available to consumers. The war effort will take an increasingly large per cent of many types of raw materials so that little other than foodstuffs and bare essentials will be available for consumers to purchase. Of course, this means that consumers could well afford to pay full parity prices for all kinds of farm products; in fact, their demand for foods will probably be quite strong, and Government price control will be the only factor that will hold prices of many foodstuffs down.

Grain prices. The July 1 estimates, released July 10, indicate the probable production of major crops as follows:

	1942		1941
		(million bushels)	
Corn	2 628		2 673
Wheat	904		946
Oats	1 303		1 176
Barley	403		359
		(million acres)	
Soybeans	14.2		10

The wheat crop estimate is considerably higher than the estimate a month earlier. The yields in the Great Plains Area are excellent and more than offset the declines in the soft-wheat belt of Indiana, Illinois, and adjoining states. The terminal markets in the principal wheat belt are loaded with wheat in storage, and Kansas City placed an embargo upon free wheat Wednesday. There has been a permit system in operation in all the principal grain belt terminal markets, including Chicago, for storage wheat for some time. It was necessary to obtain a permit before shipping grain to these markets for storage; however, free wheat, that is, wheat sold for cash and not for storage, has been handled without a permit system up to the present time. To date, no permit system has been established in Chicago for free wheat so long as it comes from Illinois, Iowa, Indiana, Minnesota, and Wisconsin unless from terminal markets in these states. No wheat can come from the area west of Kansas City to Chicago without a permit. A federal embargo requiring permits for both cash and storage grain seems imminent for Chicago, St. Louis, and other grain-belt terminal markets.

Some time ago, the Senate passed a bill authorizing the Government to make loans on principal farm products equal to 100 per cent of parity. However, the House has not considered this bill. The first reaction to the House approval of the sale of 125 million bushels of wheat at 85 per cent of parity price for corn was a weakening in the entire market. That occurred Wednesday about noon. However, there was a quick recovery of almost 1 cent a bushel for wheat and some improvement in corn prices. Thursday's decline in price was probably more the result of the President's stand against inflation than as a result of the wheat-for-feed selling program. The President's stand probably was interpreted as sounding the "death knell" to any proposal for 100 per

cent of parity loans. From the longer time point of view the developments during the past week would suggest the following:

1. There is an enormous amount of wheat, but at present discounts of the cash price under the loan price all of this will go under loan to the extent that storage space can be provided and the quality of wheat permits.

2. The Government has been selling wheat for feed, and the new law does not provide for sales at much lower prices than now prevail.

3. The provision to sell wheat may tend to hold down the price of corn which otherwise would probably have continued to rise.

4. Government loans are not likely to be revised upward to any appreciable extent except as parity prices rise.

5. Livestock production is likely to continue to be profitable as a result of relatively low feed prices and prices for animal products at about the ceiling levels.

6. Wheat prices are likely to rise after the present forced sales are over by farmers who are unable to find storage space. Once wheat gets into storage it is not likely to be sold at a price much below the loan price.

7. The demand for soft red winter wheat is likely to be quite strong and a substantial premium for this type of wheat may be expected.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared July 24)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures* (close)	
	Thursday July 23, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.19 3/8	$1.20
Corn (No. 3 yellow, new)	.84¼-.86½	.85¼-.87	.90¼	.90 1/8
Oats (No. 2 white)	.48¼-.48½	.50 3/4-.52	.48 5/8	.49¼
Soybeans (No. 3 yellow)	---	1.72-1.74½	1.74¼	1.75½
Butter (90-91 score)	.38-.38½	.36¼-.36½	.3995	.3845
Eggs (current receipts)	.30 3/4-.31	.31	.3450	.3435
Hogs (top price paid)	15.00	14.85		
Cattle (top price paid)	15.25	14.65		
Hog-corn ratio, Chicago, July 18	16.4	16.5		

*October soybeans, November butter, and October eggs.

Grain prices reached a low last Saturday and Monday, slightly exceeding the low of July 6 for wheat, but slightly above it for corn, oats and soybeans. There was a modest recovery from the low, but Thursday closing prices for the most part were still somewhat below the close of the preceding Thursday. Wheat marketings are slowing down as the result of embargoes and more storage facilities on the farm.

Thursday, Secretary Wickard announced that a plan was under consideration to alleviate the meat shortage in some areas and to per-

mit packers without government contracts to stay in business. Lend-lease contracts had been above the general price ceiling for pork, and packers with lend-lease contracts could bid up the price of hogs to a level that the rest of the packers could not touch. That has forced a number of small packers out of business. If the premium is taken off lend-lease purchases, hog prices may be expected to decline somewhat. Some subsidy plan may be used to help ease the situation.

Livestock situation---receipts - Receipts of salable cattle at 12 public markets for the month of June were 24 per cent higher than for June 1941. However, for the week ending July 18, receipts were 5 per cent less than for the corresponding week a year ago. Contrary to the trend of the past several months, receipts of calves were 14 per cent higher for the month of June than a year earlier, and 13 per cent higher for the week ending July 18. Shipments of feeder-cattle to the corn-belt states are also showing substantial increases over last year. The number received in seven corn-belt states in June this year was 80,000 compared with 70,000 a year ago. Receipts of hogs at 12 public markets for the months of May and June were 13 per cent higher this year than a year earlier. For the month of June they were up 25 per cent, and for the week ending July 18 they were 21 per cent above the comparable week a year earlier. The average weight of barrows and gilts received at Chicago during June was 249 pounds compared with 246 pounds a year earlier. The heaviest weights were received at Omaha and averaged 255 pounds this year compared with 249 pounds last year for the month of June.

There has been little difference in the number of sheep and lambs received at the markets this year compared with last year. The number of sheep and lambs shipped into the corn belt for feeding was 105,000 this year compared with 104,000 a year ago during the month of June.

However, /from January to June, inclusive, there was an increase this year of 11 per cent. According to the latest western sheep and lamb contract reports, trading in the inter-mountain areas is on a very limited basis. Dry, hot weather was reported from most sections. Several bands of black-faced feeders from south-central Idaho changed hands during the week ending July 18 at $12 to $12.50 for immediate delivery. A few thousand head of mixed white and black-faced fat and feeder lambs near the eastern border of Oregon were contracted for early fall delivery at $11.25. A few scattered contracts of wether lambs for September and October delivery were made in Montana at a range of $10.75 to $11 per hundredweight, f.o.b. loading point. Some white-faced ewe lambs sold at around $11.50 a hundredweight. In Colorado, growers continued to hold black-faced feeder lambs well above $11, and only scattered deals were made at that figure, according to the U. S. Department of Agriculture.

Dairy situation - On July 9 Roy F. Hendrickson of the Agricultural Marketing Administration discussed the dairy situation as it pertains to lend-lease requirements before the U. S. Department of Agriculture War Boards. He pointed out that conditions have changed since Pearl Harbor because of the shipping situation. For lend-lease purposes, England had been taking very large quantities of evaporated milk. They first requested a million cases a month, then doubled the request. The AMA raised its paying price for evaporated milk in relation to butter prices, and by October 1941 the industry was meeting the evaporated milk requirements. By December, the rate of production had doubled.

The emphasis has now shifted to powdered milk because only one-fourth as much cargo space is required to ship powdered milk as is

needed for evaporated milk. The requirements for evaporated milk have been reduced from 22 to 7 million cases a year, and the requirements for powdered milk have increased proportionately. That means quite a shift in the manufactured milk industry in the United States. The government has placed a floor under the price of butter and cheese, and since the price the farmer receives for milk is based on butter and cheese prices, the floor price in the north-central states is $1.72 for 100 pounds of milk of 3.5 percent butterfat content. Stocks of evaporated milk are piling up, but the government is seeking to find an outlet for this milk by giving it to low income families and to school children under the school lunch program. An effort is being made to divert as much milk as possible to the production of spray-process powdered milk. Unfortunately, the demand for roller-processed milk is limited and the demand for spray-processed is very strong, while the production facilities are just the reverse.

The butter and cheese situation was summarized by Mr. Mr. Hendrickson as follows:

"Right now the current rate of production at 1 billion pounds a year appears adequate to meet requirements. This production, however, should be maintained. Any considerable decrease might put us back in a serious position.

"Storage space is short in some areas. AMA has taken action to relieve acute situations resulting from government holdings. This will mean that our storage stocks in Wisconsin, for instance, will be low.

"More emphasis is needed to produce cheese that will grade U. S. No. 1.

"We are urging our own people to eat more cheese and use more evaporated milk. It is one of our best foods. Also, it lightens the load on other protein foods of which supplies are limited.

"Butter, of course, is considered the basic product in the dairy industry, but lend-lease demands for it have been limited. So far protein foods are more in demand. It's difficult to estimate what the requirements will be. But ordinarily we import a considerable volume of vegetable oils from other countries. Because these imports have been cut off, it's inevitable that more butter will be needed here at home. We want to be sure adequate butter production is maintained and we want stable and fair prices for it. We don't want a jittery butter market, and there is absolutely no basis now for anything except a sober, stable market.

"Last fall when the 1942 production goals were announced, the Secretary of Agriculture issued a proclamation stating that he would use available funds to support the price of cheese, evaporated milk and dry skimmilk. With this guarantee, prices will not be allowed to fall below 85 per cent of parity.

"Meanwhile, to stabilize prices and assure adequate production of all dairy products, we are supporting butter at a minimum of 36 cents a pound (92 score at Chicago) for the remainder of this year, putting a definite floor under the butter market. Since March 28 butter prices have averaged above that level. We have bought very little butter incident to that program.

"The average price received by farmers for butterfat last month was 102 per cent of parity. Cheese on the Wisconsin Exchange was about 115 per cent of parity--the average price paid by evaporating plants for milk, about 105 per cent of parity. The average price received by farmers for milk and butterfat was above parity."

Cold storage holdings - Relative to July 1, 1941, cold storage holdings on July 1, 1942, show the following changes:

Butter	- 2 percent
Cheese	+84
Eggs	+37
Beef	+20
Pork	-25
Total meats	-15
Lard	-75

Cheese and eggs show the only large increase in storage stocks, but inasmuch as the lend-lease requirements emphasize protein foods, there appears to be no cause for concern. Hogs are in a very strong position as the result of lend-lease shipments, a strong domestic demand and low storage holdings of pork and lard.

Poultry and egg production - According to government reports, hens on farms laid 4.7 billion eggs in June. This was a record high production for the month--16 per cent above June last year and 24 per cent above the 1931-40 average. This was a result of a new high production per layer during June, and a record number of layers. During the first half of 1942, hens in farm flocks laid 3 per cent more eggs per bird than during the first half of 1941. The number of layers in farm flocks during June was the largest number on record for that month and exceeded last June by 10 per cent and the 10-year average by 16 per cent. Farm holdings of young chickens on July 1 were the largest on record, 8 per cent above a year ago and 12 per cent above the 10-year average, 1931-40. The marketing of cockerels in June was much greater than in June last year. In spite of this great increase in poultry and egg production, prices received by farmers in mid-June for eggs were the highest for the month since 1920. They averaged 27.4 cents a dozen for the United States and 26.5 cents in Illinois. Egg prices in June were 18 per cent above a year ago, but feed prices on June 15 were 26 per cent above a year ago. The egg-feed, chicken-feed and turkey-feed price ratios for June 15 were less favorable than a year ago, but were more favorable than on the same date in 1940.

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8-8-42

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared August 7)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures* (close)	
	Thursday August 6, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.20 3/4	$1.20½
Corn (No. 3 yellow, new)	.85⅓-.86 3/4	.85⅓-.87	.90 3/8	.92¼
Oats (No. 2 white)	.50-.50 3/4	.50¼-.51¼	.52	.52 3/8
Soybeans (No. 2 yellow)	1.71¼	1.71-1.72½	1.73 5/8	1.74¼
Butter (90-91 score)	.39¼-.39½	.38½-.39	.4065	.4030
Eggs (current receipts)	.31½	.31	.3480	.3445
Hogs (top price paid)	15.00	15.00		
Cattle (top price paid)	16.10	15.50		
Hog-corn ratio, Chicago, August 1	16.2	16.6		

* November butter and October eggs.

Cash grain prices at Chicago recovered practically all of their loss of last Friday, Saturday and Monday. However, prices of December futures in corn, oats and soybeans failed to recover completely. Corn futures were the weakest. Butter and egg prices strengthened, while prices of hogs and cattle remained strong and near the upper limit consistent with ceiling prices on pork and beef. The feeding ratio continues favorable to hog producers. The government announced selling

prices for feed wheat. The Illinois price varies from 79 to 86 cents a bushel for August delivery, depending upon location. No soft winter wheat will be sold for feed. It will pay to get a quotation from the local AAA office or farm adviser because in some counties the wheat price may be below the price of corn.

Wheat. Price fluctuations have been moderate during the past week. There was no important legislation to affect them either way. Grains tried to make a rally from the new low reached Monday, but were unable to make much headway. The wheat market is troubled by the enormou supply and the possibility of considerable "free wheat" reaching the markets from the spring wheat area. Spring wheat harvest is just now beginning to get under way. The corn market is disturbed by two factors--first, the wheat-selling program which has a tendency to hold down the price of corn and, second, the very large open interest in September corn futures which must be disposed of before the beginning of the fourth week in September.

Counteracting these bearish tendencies are the facts that wheat is selling at a discount of 16 to 23 cents a bushel below the loan value, to which must be added the 7 cents a bushel that farmers would get for storing loan wheat on their farms. Also the report comes from Kansas that "a high percentage of the Kansas wheat crop is eligible for loan and it is probable that a large portion of the wheat in acceptable storage will be placed under loan." Under these circumstances, prices of wheat could be expected to rise after the pressure of spring-wheat movement subsides. In other words, the average of daily prices in September is likely to be higher than the August average. The prices of wheat, soybeans, oats and rye have all been downward since February, but during the past four or five weeks there seems to have been a tendency for this downward trend to level off.

Soybeans. Production of soybeans for harvest is expected to be 14,241,000 acres this year, an increase of 42½ per cent over 1941. Inasmuch as soybeans are one of the principal crops needed to meet heavy wartime demands for oil and to replace lost sources of vegetable oils in the Pacific, it is imperative that farmers do everything possible to provide storage space for this essential crop. They are urged particularly to hold enough storage space for soybeans when considering their 1942 storage facilities. In the areas approved for farm storage, loans will be available to producers who agree to store beans on their farms at 5 cents a bushel above the basic purchase rate, which, for yellow beans of high oil content, is $1.60 a bushel. Not only are soybean producers guaranteed this minimum price for farm-stored beans or beans stored in approved warehouses, but they may find the soybean market behaving somewhat as the wheat market is now behaving during the early harvest season. There is such a big crop expected that it would not be surprising to find a large number of farmers obliged to sell at harvest time because of a lack of storage space. The storage facilities of processors are not adequate to store any large fraction of the crop. Farmers who are obliged to sell their beans at harvest time may have to accept a considerable discount under the price that would be obtainable later on in the season.

Oats. Oats prices have been relatively stronger than the price of any other important corn-belt grain. Corn prices have also been generally steady to strong, but oats were stronger. Probably the reasons for this strength in the Chicago market are--first, that the oats crop in the eastern corn belt has been below expectations. In the northwestern corn belt the oats crop was excellent, but in this region most of the oats will probably be retained for feeding on the farm. The second reason is the strong demand, both commercial and for feed. The

most recent report of grain in store and afloat at domestic markets indicates holdings of oats at 2,186,000 bushels compared with 7,328,000 bushels last year. This is in contrast to a 6 per cent increase in storage holdings of wheat, 12 per cent increase in corn and a 56 per cent increase in rye. Storage stocks of barley are considerably below last year's holdings. The U. S. Department of Agriculture indicated Saturday, August 1, that total stocks of domestic soybeans as of July 1 were estimated at 23,000,000 bushels, equivalent to about one-fifth of last year's production.

Feeder-cattle situation. It is difficult to find anyone who wishes to make forecasts concerning the outlook for cattle feeders. The statistics are somewhat contradictory concerning the number of feeder cattle reaching the feed lots. As indicated in a recent Review, government figures of stocker and feeder cattle received in 7 corn-belt states for June 1942 exceeded comparable figures for June 1941. However, another report issued by the U. S. Department of Agriculture on the number of feeder and stocker steers sold at 4 markets--Chicago, Kansas City, St. Paul, and Omaha--indicates that the number sold in July 1942 was 25,742 compared with 31,790 sold in July 1941. General observations and reports of comments from various corn-belt states indicate that stockers and feeders are not coming into the corn belt in large numbers. During the past few months the demand for grass-fed cattle has been strong for slaughtering purposes, and the spread between choice and prime corn-fed cattle and the better quality feeding cattle has been so narrow as to offer little inducement to cattle feeders.

Beginning July 13, a new wholesale price regulation for beef became effective. Under this regulation, ceiling prices were established by grades, more nearly in line with prices which actually prevailed in March. Since these new price regulations went into effect, there has

tended to be a wider discount on lower grades of cattle. This may offer feeders a better margin. However, the armed forces have been buying more "good" beef than "choice" or "prime." The civilian consumer demand is increasing rapidly, which will help hold the price of the "choice" and "prime" cattle near the price permitted by the ceiling on beef. But the demand of the armed forces will expand as rapidly or more rapidly than civilian consumer demand, so a wide discount between "good" and "choice" beef can not be expected.

Domestic demand. The income of industrial workers is likely to continue to expand, but not so rapidly as in the recent past. We are now reaching a point in some of the war industries where production will be limited by the availability of facilities, skilled labor and raw materials. Part of the limitation on the supply of available raw materials is caused by the use of these raw materials in industries manufacturing goods for civilian use. From now on we shall try to prevent consumer demand from interfering with the war effort. A sample of what has taken place was the order issued Wednesday by the War Production Board prohibiting the use of iron and steel in mattresses after September 1, and in studio couches, sofa beds and lounges, after November 1. The use of metal is also prohibited in the manufacture of spring frames. This is only one of numerous restrictions that will be placed upon the production of consumers' goods. Nor is it likely that the American people will object to these restrictions. We have 4 million men in the armed forces already, and that number is likely to double in 1943. According to government statistics, there were 34,861,625 occupied dwelling units in the United States at the time of the 1940 census. That means there were approximately that many families. Eight million men in the armed forces would be approximately one man for every four families. The primary interest of these families will be in the welfare of the armed forces--in their

food, housing and especially in their supply of war materials to defend themselves and win the war.

We can expect, therefore, the continued depletion of manufactured goods available to consumers, an acceleration of our output of war materials, but not a very great increase in the total output of all manufactured goods. Any further rises in incomes will be the result, in large part, of wage increases rather than of increased employment. There will continue to be an upward pressure on the prices of farm products caused in greater degree by the lack of other ways to spend their money than by the increase in total nonagricultural income. At the present time several farm products are omitted from the list under price ceilings. More and more of them are likely to be brought under control as prices are forced upward by the increase in demand. For example, as the result of a scarcity of beef on the East Coast, price ceilings were placed on lamb and mutton in order to prevent a rapid price rise caused by a shift in demand from beef to lamb. Eggs, poultry, most milk products, plain flour, dried prunes, dried beans, nuts and all fresh vegetables and fruits except bananas have no price ceiling. It would not be surprising to see prices of some of these products rise further even in spite of the very large supplies of most of them.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared September 11)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Thursday Sept. 10, 1942	Week ago	Thursday	Week ago
Wheat (No. 2 soft red winter)	$ --	$ --	$1.26 5/8	$1.23 1/8
Corn (No. 3 yellow)	.84½-.84¾	.84-.84¾	.86 5/8	.86¼
Oats (No. 2 white)	.53¼	.52	.52¼	.51 5/8
Soybeans (No. 3 yellow)	--	--	1.71¼	1.72
Butter (90-91 score)	.41¼-.41½	.41¼	.4200*	.4225*
Eggs (current receipts)	.32½	.32	.3515	.3540
Hogs (top price paid)	14.60	14.70		
Cattle (top price paid)	16.40	16.35		
Hog-corn ratio, Chicago, Sept. 5	16.8	17.1		

* January butter

Up to Friday there was a spectacular rise in wheat and rye prices this week. Oats were strong and corn steady. Prices of hogs, beef steers, butter, and eggs were steady. The bulge in prices was caused by the President's radio talk. Friday morning the August government crop report was published and indicated a record grain harvest. Corn production is estimated to be in excess of 3 billion bushels, and wheat production at 981 million bushels. Soybean production is estimated at 211 million bushels, twice last year's

production. It may take the market some little time to recover from such a bearish report.

Wheat. Wheat and rye prices strengthened considerably this week in response to the President's anti-inflation message. The stimulating factor was his suggestion that farm prices should be stabilized at 100 per cent of parity or some recent price, whichever was higher. Wheat was 25 to 30 cents below parity, and rye was selling at a discount of 60 cents below parity. Both had a long way to go before the price ceilings would apply, providing benefit payments were not counted as part of the price received by the farmer.

Why would wheat or rye be worth more after the speech than before? The answer is that potential buyers of wheat must have feared that price ceilings might be established at prices below parity, yet no hint of such action had been forthcoming, and trade papers suggested all along that such action was unlikely. Have conditions of supply and demand changed enough to justify a substantial increase? As to total production, the answer is no. However, a substantial fraction of the wheat crop is expected to be placed in storage under government loan. But that phase has not altered greatly either. Canada recently sold a substantial quantity of wheat to Russia, but that would not materially affect either Canada's or the United States' burdensome carryover. We supply some wheat to our allies under lend-lease agreements but not enough greatly to affect the price. The only bullish feature of the picture is that inflation may hit us, and with other prices fixed there would be a tendency to bid up prices of goods--the price of which had not yet reached ceiling levels. Consumers could easily pay parity price for wheat. All that would be necessary would be to keep the quantity offered for sale slightly below the quantity needed for domestic milling. The loan program has a tendency to keep wheat off the market

until the loan price is reached, but there will be considerable free wheat marketed and the wheat loan is about 85 per cent of parity, not full parity. Under these circumstances no run-away prices are anticipated.

Feed. The supply in 1942-43 of the four principal feed grains including feed wheat, is now estimated to be a little larger than in 1941-42. Livestock numbers are expected to be 10 per cent larger, and feed per unit of livestock, six per cent smaller than in 1941-42. Bumper corn, hay, and oilseed crops are in prospect. Supplies of high protein feeds are expected to be about 40 per cent larger than in 1941-42. Feed grain prices are expected to average higher in 1942-43 than in 1941-42, but large supplies of feed available and the feed-wheat program will limit the increase. As hog prices are held down by price ceilings, maximum production of hogs may be stimulated by a cheap-feed program. Several hundred million bushels of wheat might be diverted to feed to hold down the cost of feed. Feed-wheat prices under the present wheat-for-feed program are lower on a cents-per-pound basis than prices of corn or oats in nearly all sections of the country except in some areas of the corn belt. The government had difficulty keeping the hog-corn ratio high enough during World War I to induce heavy livestock production. The price of No. 3 yellow corn averaged $2.21 a bushel for the month of November 1917. The Chicago hog-corn ratio for that month was 11.4 compared with 16.8 now. The November-October average hog-corn ratios for the war years were as follows:

1914-15	9.1	1939-40	9.4
1915-16	11.1	1940-41	13.3
1916-17	9.9	1941-42	16.1 (Est.)
1917-18	10.8		

Illinois farm income. Cash incomes from marketings in Illinois from January to June, 1941-42, increased as follows: crops, +61 per cent; livestock, +44 per cent; crops and livestock, +48 per cent.

The farmer's share of the consumer's dollar for the country as a whole was 52 cents in July compared with 51 cents in June. The 1935-39 average was 42 cents. The cost to consumers of the 58 important foods in quantities representing annual consumption by a working man's family rose less than 1 per cent from June to July to $401. Farmers received $209 for equivalent quantities of farm products in July.

Soybean contracts. Arrangements are practically completed between the Commodity Credit Corporation and processors for the handling of the soybean crop this year. In any case, the farmer will receive the stipulated government support price for soybeans; that is, $1.60 for No. 2 yellow beans of high oil content at time of harvest and a little more if stored on the farm and marketed at a later date. One plan calls for the purchase by country elevators for their own account or for the Commodity Credit Corporation. The sale of the beans by the elevators to processors would be under the direction of the Commodity Credit Corporation. Terminal elevators would buy beans also. Arrangements probably will be made for producers to sell beans to the county AAA committee for the account of the CCC, but it is hoped that the beans can be marketed through the regular trade channels. Two types of contracts are provided with processors. In one case, the processors will buy the beans at the support price through the regular channels of trade. If they are unable to obtain enough for the products to make the operation profitable, the CCC will take the products off the processors hands, presumably at some pre-arranged price. For those processors who feel sure that they could not make a profit by buying the beans at $1.60 and selling the oil and meal at market prices, an arrangement is suggested whereby the processors would buy the beans from producers, sell them to the credit corporation, then repurchase them at prescribed prices, selling the oil at ceiling prices and the

meal at fixed levels. Presumably the individual processing companies may choose the contract under which they wish to operate.

Inflation control. As a result of the President's recent radio address in which he called particularly for Congressional action to revise the ceiling levels at which prices of farm products might be controlled, and some stabilization of wages, it looks now as if the Congress were willing to delegate to the President power to use any method he sees fit to bring about these objectives. These items have been touchy ones for the Congress to handle, and it seems they are willing to let the President handle them. He probably would fix the ceiling prices on farm products at parity or some recent price--whichever were higher--as he indicated in his radio address. Under these circumstances no reduction would be expected in the prices of livestock products other than reductions that might be caused by congestion in the market as a result of heavy shipments during seasonal peak months. The U. S. Department of Agriculture anticipates some trouble during December, January, and February in connection with hog marketings. The demand for hogs would seem to justify the ceiling prices, and it will be to the farmers' advantage to market their hogs evenly enough to prevent any substantial price declines caused by congestion in the market.

The primary objective of all this control of prices of farm products and wages is to prevent inflation. Several methods that have been used have been helpful, but they were not adequate to prevent further inflation. Prices have been partially stabilized by the price ceilings that have been placed upon a large fraction of commodities used by consumers. Savings have increased, and money that goes into government bonds leaves the consumer market. Congress is still working on a tax bill, and the Senate version is much more drastic than

the House bill. We can expect taxes paid in 1943 to be much heavier than in 1942. In addition to taxes, the Senate is proposing forced savings as a method of further reducing the spending power of consumers. This would operate as a tax but would be refunded after the emergency is over. This is probably a good idea for a large fraction of the people. Purchasing power will become available at a later date when consumers need additional purchasing power and when industry needs additional stimulation. Of course, if all this purchasing power became available immediately after the war, an inflationary boom might then get under way to be followed by a later collapse. Restrictions have been placed upon consumer credit, and a press report quoted a Department of Commerce release which indicated that for the first half of 1942 a reduction of 1½ billion dollars occurred in short-term debts of consumers. It is predicted that for the entire year consumers would cut their short-term debts by 3½ billion dollars. These debts have been reduced as a result of restrictions on the use of charge accounts and installment purchases. Credit restrictions are deflationary.

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Prof. N. C. M. Carl

HIGHLIGHTS

WEEKLY MARKET REVIEW AND FARM OUTLOOK

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May 6, 1943

(Prepared May 7)

Because of the slow movement of corn to market and to deficit areas to satisfy an extremely strong demand, the government took steps this week to control inventories and corn purchases and called corn loans except those on the 1942 crop. Farmers cannot buy corn if they have more than 90 days' supply on hand. This will mean that even the 1942 crop under loan will be redeemed by farmers if they need more corn for feeding. It might even be necessary to call these loans later on. Only 59 million bushels of corn from the 1938-41 crops are under loan. It is doubtful if this limited supply will relieve the shortage, particularly in the deficit feeding areas.

The report of U. S. grain in store and afloat for domestic marketing, dated May 4, indicates holdings of 194 million bushels of wheat compared with 229 million bushels a year ago; less than 30 million bushels of corn compared with 63 million bushels a year ago; and slightly larger holdings of oats and barley; and considerably larger holdings of rye. Canada stocks of wheat were 409 million bushels compared to 421 a year ago, but stocks of oats and barley were quite high.

On April 1, 1943, cold storage holdings of principal commodities were different from April 1 a year ago by the following percentages: apples, +14 per cent; frozen fruit, +3 per cent; frozen vegetables, +9 per cent; creamery butter, -63 per cent; cheese, -60 per cent, eggs, +25 per cent; frozen poultry, -58 per cent; beef, -34 per cent; pork, no change; total meats, -10 per cent; lard, -30 per cent.

The U. S. Department of Agriculture anticipates that the egg-feed price relationship will continue to be favorable for farmers throughout the coming summer. As a result, farmers will probably cull their flocks lightly and feed well. Egg production is expected to continue above the year earlier. The government has ordered that all shell eggs in cold storage on May 31 be set aside for government use or distribution and after May 31 no shell eggs may be stored except for government use. It is expected, however, that there will be a good supply of fresh eggs available throughout 1943. Demand is so strong that ceiling prices will likely be maintained. Ceiling prices are adjusted seasonally from June through November.

Compared to the predepression period, 1924-29, cash farm income in 1942 for Illinois was up 69 per cent. In general the greatest increases in cash income were in the corn belt, the tobacco-producing region, on the west coast, and in Wyoming, Arizona, and New Mexico. The smallest increases were in the winter wheat belt, the New England states and Middle Atlantic states, the deep south, and some of the mountain states.

Effective May 17, new retail ceiling prices for beef and lambs will bring about a reduction of 1 to 3 cents a pound below the general level of ceilings originally scheduled to take effect April 15. This applies to meat, as there is no ceiling on prices of live animals.

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(Prepared May 7)

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Commodity Prices at Chicago

	Cash		July futures (close)	
	Thursday May 6, 1943	Week ago	Thursday	Week ago
Wheat (No. 2 hard red winter)	$ 1.48¼	$ --	$1.45 1/8	$1.43 7/8
Corn (No. 3 yellow)	1.05-1.06½	1.06-1.06½	1.05*	1.05*
Oats (No. 2 white)	.66¼	.68½-.69	.61½	.61¼
Butter (92 score)	.46*	.46*		
Eggs (current receipts)	.35¾	.35¼-.35¾		
Hogs (top price paid)	14.80	14.75		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, April 30	13.9	14.1		

* Ceiling prices

Grain prices were steady to strong this past week. The greatest strength was shown by rye. Livestock prices were steady. The top price for lambs Thursday was $16.25. The hog-corn ratio continues to decline. The prospective feed supply for 1943-44 is 10 per cent less than last year in the face of a 12 per cent increase in livestock numbers.

Corn. Because of the slow movement of corn to market and to deficit areas to satisfy an extremely strong demand, the government took steps this week to control inventories and corn purchases and called corn loans except those on the 1942 crop. Without going into detail, the provisions include restrictions on the amount of time elevators and other dealers can hold corn and the amount of corn that can be kept on hand. Farmers cannot buy corn if they have more than 90 days' supply on hand. This will mean that even the 1942 crop under loan will be redeemed by farmers if they need more corn for feeding. It might even be necessary to call these loans later on. Only 59 million bushels of corn from the 1938-41 crops are under loan. It is doubtful if this limited supply will relieve the shortage, particularly in the deficit feeding areas. One suggestion was made that instead of moving corn to Texas and other southwestern areas, livestock should be shipped from those areas and be fed in Illinois and Indiana, inasmuch as they would eventually come north anyway for marketing. No action has been taken on this suggestion.

Grain in storage. Although grain in storage at terminal markets does not take into consideration farm stocks and is, therefore, not truly representative of the national situation, the rapid disappearance of wheat and corn are represented in the figures quoted in "U. S. Grain in Store and Afloat for Domestic Marketing." The report, dated May 4, indicates holdings of 194 million bushels of wheat compared with 229 million bushels a year ago; less than 30 million bushels of corn compared with 63 million bushels a year ago; slightly larger holdings of oats and barley; and considerably larger holdings of rye. Canada stocks of wheat were 409 million bushels compared to 421 a year ago, but stocks of oats were quite high--this year, they were 33 million bushels compared to 5 million bushels a year ago. Barley stocks were also high--33 million bushels compared to 9 million bushels a year ago.

Cold storage holdings. On April 1, 1943, cold storage holdings of principal commodities were different from April 1 a year ago by the following percentages: apples, +14 per cent; frozen fruit, +3 per cent; frozen vegetables, +9 per cent; creamery butter, -63 per cent; cheese, -60 per cent; eggs, +25 per cent; frozen poultry, -58 per cent; beef, -34 per cent; pork, no change; total meats, -10 per cent; lard, -30 per cent.

The poultry situation. The U. S. Department of Agriculture anticipates that the egg-feed price relationship will continue to be favorable for farmers throughout the coming summer. As a result, farmers will probably cull their flocks lightly and feed well. Egg production is expected to continue above the year earlier. During March, laying flocks averaged 16 per cent larger than a year ago, and the rate of production per bird was 1 per cent higher. We are now entering the into-storage period for eggs, but it is not expected that many storage eggs will be available to consumers next winter. The government has ordered that all shell eggs in cold storage on May 31 be set aside for government use or distribution and after May 31 no shell eggs may be stored except for government uses. It is expected, however, that there will be a good supply of fresh eggs available throughout 1943. Demand is so strong that ceiling prices will likely be maintained. Ceiling prices are adjusted seasonally from June through November. At the present time, substantial quantities of eggs are used for egg drying purposes. It is reported that egg drying plants are operating at considerably less than capacity because egg prices have been high relative to the prices of the dried eggs. The number of young chickens on farms April 1 was 23 per cent larger than a year earlier. During the latter half of 1943, it is expected that supplies of poultry will be much larger than during the corresponding period in 1942. Recently, farmers have sold very few hens, and city consumers have not been able to buy all they wished.

In 1942 Illinois gross income from chickens was $27,451,000. Illinois ranked second; Iowa led with sales of $41,450,000. On the other hand, sales of eggs by Illinois farmers brought only $35,307,000 compared with $83,307,000 in Iowa. The Illinois amount was also exceeded by New York, Pennsylvania, Ohio, Missouri, Minnesota, and Texas.

Farm income in 1942. Compared to the predepression period, 1924-29, cash farm income in Illinois in 1942 was up 69 per cent. In general the greatest increases in cash income were in the corn belt, the tobacco-producing region, on the west coast, and in Wyoming, Arizona, and New Mexico. The smallest increases were in the winter wheat belt, the New England states, the Middle Atlantic states, the deep south, and some of the mountain states. Weather conditions had a great deal to do with the total income in all parts of the United States but did not account for the great variation between these different areas. Over a period of 20 years or more, the corn-belt states, because of climatic conditions and soil fertility, would seem to have greater possibilities for reasonably satisfactory farm income than most other large areas of this country or any other country. Of course, that will not hold if we permit our soil to wash away or use up all the fertility without replacing it.

Total cash income from marketings in February for the United States amounted to $1,131,000,000 compared to $833,000,000 for February 1942. Income from all groups of farm products was higher than February last year, but the greatest percentage increases in income compared with a year ago were in the returns from meat animals, poultry, eggs, oil-bearing crops, and cotton.

The size of the farm income in late 1943 and early 1944 will depend upon total farm production. Present prospects are for the continuation of the war effort at least well into 1944. As long as the war lasts, we do not need to worry about declining prices as a result of overproduction. We may not have to worry about if for some months after the war closes. That means that farm income will depend upon weather conditions and upon the ability of the individual farmer to get his crops planted, harvested, and marketed as cash crops or as livestock and livestock products. Any individual farmer who can expand his production above the 1942 level will probably expand his income proportionately. The demand for farm products will remain very strong at ceiling prices. Present indications are that ceiling prices will probably not be raised to any considerable extent. An attempt will also be made to keep the costs of production from rising.

Recent changes in government price and rationing regulations. Farmers can now get new tires to replace worn-out tires on their tractors where facilities for recapping are inadequate. Effective May 1, the Office of Price Administration also removed quota restrictions on the number of certificates for truck tire recapping. As a result a greater number of recaps for farm trucks will be available. Passenger car drivers with mileage rations exceeding 240 miles monthly will be eligible for any grade of new tires when their present casings are not recappable. Formerly they could only obtain Grade 2 tires.

Effective May 17, new retail ceiling prices for beef and lambs will bring about a reduction of 1 to 3 cents a pound below the general level of ceilings originally scheduled to take effect April 15. This applies to meat, as there is no ceiling on prices of live animals.

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WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared June 10) 1943

The new wheat loan will average $1.22 at the farm.

The House and Senate have passed a resolution permitting the sale of an additional 50 million bushels of wheat by the Commodity Credit Corporation. At the recent rate of sales, this amount of wheat would be disposed of by the end of June. There is no assurance that the feed wheat program will continue after June 30, but some congressmen have forecast that contemplated restriction on sales may not materialize.

In reviewing the national food situation, the U. S. Department of Agriculture this week again points out that feed shortages in 1944 will result unless the rate of feeding is reduced or the output of some classes of livestock curtailed. Stocks of grains at the end of May were estimated to be slightly larger than a year earlier, but relative to the record production of 1942 and livestock numbers, stocks are small.

The feed situation will be affected by pasture conditions. Farm pastures got off to an average start this year. During May, pastures in the corn belt were favored with plenty of moisture, but the temperature was a little too low to induce maximum growth. In a number of the southern states, pasture conditions were good; but in the western north-central states, including the western corn belt, conditions were rather spotted.

A recent development to help solve distribution problems is the appointment of a War Meat Board. This War Meat Board consists of representatives of the War Food Administration, the U. S. armed forces, the food rationing and price divisions of the Office of Price Administration and representatives of the meat industry. The meat board will attempt to bring about the allocation and distribution of the national meat supply, taking into consideration the quantity of meat available from day to day and from week to week.

Circumstances have forced some economies in distribution which we hope will be carried over into peacetime. For example, it is reported that the regulations of the Office of Defense Transportation in St. Louis have already reduced mileage 38 per cent in connection with retail milk delivery. Likewise, milk and cream pickup routes are being revised to make substantial savings in mileage and man hours.

Although the world will be some hundreds of billions of dollars poorer as a result of the war, we shall have learned to produce new and more efficient machines and other goods. One development in the field of agriculture has been the necessity to shift to new types of processed foods, particularly dehydrated foods, in order to conserve shipping space and tonnage and to improve the keeping quality of foods. We are now drying a substantial fraction of our egg output in the corn belt. More emphasis is also being placed upon dried fruits and milk powders. All of these developments will have an effect upon Illinois agriculture, particularly after the war when the demands will once more not be able to absorb everything that farmers are able to produce at the favorable prices we have today.

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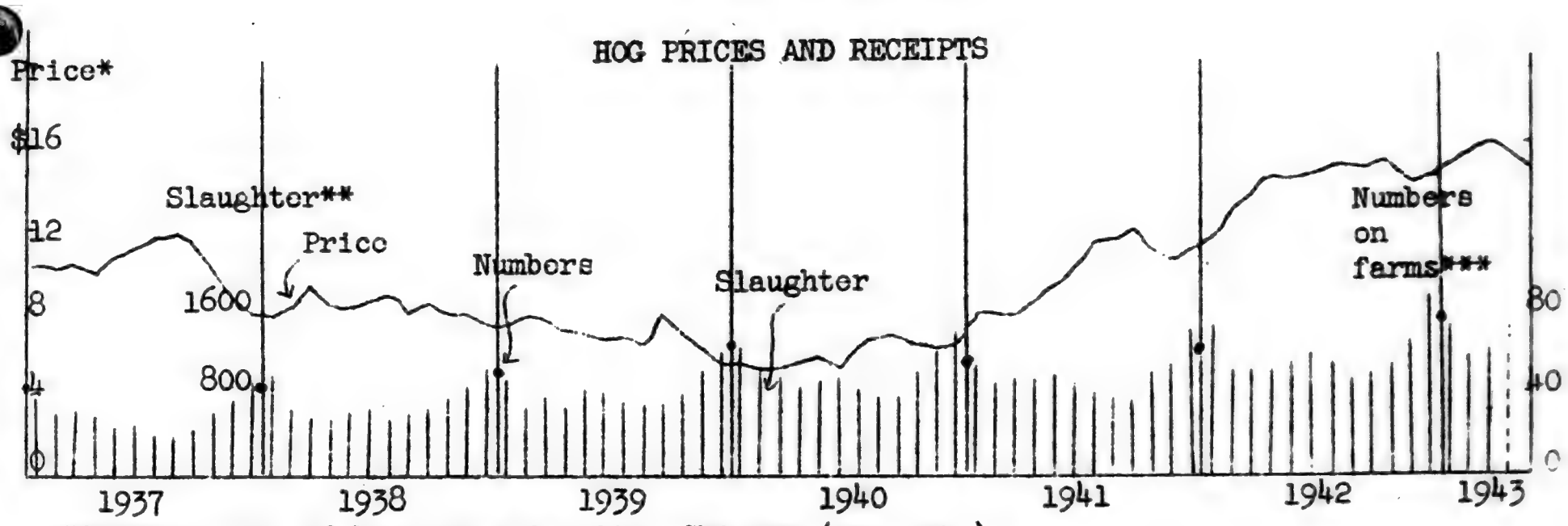

*Average cost of barrows and gilts, Chicago (per cwt.)
**Live-weight, federally inspected slaughter, U.S. (million lbs.)
***Number of hogs on farms January 1 (millions)

THE HOG SITUATION

The average price paid for barrows and gilts at Chicago during May was $14.46 compared to $15.15 in April and $14.09 in May 1942. Slaughter during May is estimated to be about 15 per cent more than in April and about 25 per cent more than in May 1942. The number of hogs on farms January 1, 1943, was 73,660,000, an increase of 22 per cent. Receipts will continue to be heavy, but the demand is excellent. Civilian consumption will be regulated by variations in point values. The government expects to buy up to 35 or 40 per cent of total pork production. During the first quarter of 1943, the U. S. Department of Agriculture purchased 550 million pounds of pork, dressed weight. This was a substantial increase over a year earlier. Farmers have price protection to the extent that the government promises to support the price of 240-270 pounds of good to choice butcher hogs at Chicago at $13.75 until September 30, 1944. The hog-corn ratio, at about 13.5 at Chicago, is quite favorable to the hog producer. The only serious problem is the ability to obtain enough feed to support the greatly expanded livestock enterprise.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
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College of Agriculture

(Prepared June 10)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		July futures (close)	
	Wednesday, June 9, 1943	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$1.45 1/8	$1.44 3/8
Corn (No. 3 yellow)	--	--	1.05*	1.05*
Oats (No. 2 white)	--	--	.66 5/8	.63 7/8
Butter (92 score)	.41*	.46*		
Eggs (current receipts)	.37½	.37-37¼		
Hogs (top price paid)	14.10	14.35		
Cattle (top price paid)	17.30	17.35		
Hog-corn ratio, Chicago, June 4	13.5	13.5		

*Ceiling prices

Grain prices strengthened further during the past week. Oats showed the most strength. The butter quotation was reduced 5 cents because of the roll-back, but the farmer still gets the previous ceiling price.

The new wheat loan will average $1.22 at the farm for the country as a whole--8 cents above last year. The new rate is 85 per cent of a $1.44 parity.

More wheat for feed. The House and Senate have passed a resolution permitting the sale of an additional 50 million bushels of wheat by the Commodity Credit Corporation. At the recent rate of sales, this amount of wheat would be disposed of by the end of June. Because appropriation bills now pending for the fiscal year beginning July 1 bar sales at less than parity of all Commodity Credit Corporation commodities, there is no assurance that the feed wheat program will continue after June 30. It is well known, however, that the feed situation is likely to become critical, and some congressmen have forecast that this restriction will be eliminated from the appropriation bills.

In reviewing the national food situation, the U. S. Department of Agriculture this week again points out that feed shortages in 1944 will result unless the rate of feeding is reduced or the output of some classes of livestock is curtailed. Stocks of grains at the end of May were estimated to be slightly larger than a year earlier, but relative to the record production of 1942, stocks are small. There has been a very rapid disappearance of feed grains. Prospects for winter wheat are most unfavorable in most areas, indicating a crop 27 per cent below 1942. There will also be less rye, but in some areas the oat acreage has been increased.

Pastures. The feed situation will be affected by pasture conditions. Farm pastures got off to an average start this year, with the May 1 condition about 78 per cent of normal. This was lower than the last two years but higher than the recent 10-year average. During May pastures in the corn belt were favored with plenty of moisture, but the temperature was a little too low to induce maximum growth. In a number of the southern states, pasture conditions were good, but in the western north-central states, including the western corn belt, conditions were rather spotted. In the Rocky Mountain states and in California, pasture conditions were good to excellent. Because of the necessity to conserve every bushel of corn and pound of protein concentrate possible for later use, farmers will probably make the greatest possible use of pastures and forage this year.

Price roll-backs. Today, June 10, the 10 per cent roll-back on retail prices of butter is scheduled to go into effect. This will amount to 5 to 6 cents a pound. The creameries and farmers will receive the same ceiling price as before the roll-back. This is an effort to reduce the cost of living primarily as a means of preventing increases in wage rates of organized labor. June 8 officials of the Office of Price Administration indicated that they were also contemplating roll-backs for prices of fresh vegetables. A 10 per cent roll-back on meat prices has already been ordered. Subsidies are being used to offset the roll-backs in connection with livestock products; however, none are planned in connection with the reduction of the prices of vegetables.

Distribution. In connection with a regulated program such as is necessary to bring about maximum production in general and greater shifts in production as between commodities, problems are bound to appear. We had problems connected with the balancing of production prior to the Agricultural Adjustment Administration program, which used benefit payments as incentives to cause desirable shifts in production. Market prices were the regulators. During major wars, we cannot afford to let unrestricted rises in prices guide production. With the extremely strong demand, prices would rise much further than necessary to bring about these shifts in production, and we should have a drastic inflation. Instead we set up goals and use price floors as incentives to increase production. We use price ceilings, both to put some sort of a lid on prices and to direct emphasis as between enterprises. This latter procedure was exemplified in the low ceiling prices for corn in relation to prices of livestock products. This ceiling was intended to promote a rapid expansion in hog production at a time when we had very large supplies of feed. Unfortunately, it has been continued so long that we are rapidly approaching a critical feed situation.

We also have problems in distribution. One of those problems is the allocation of goods as between the armed forces, our allies, and civilians. These problems have to be solved by employees of the government during times of war. A recent development along this line is the appointment of a War Meat Board. This War Meat Board consists of representatives of the War Food Administration, the U. S. armed forces, the food rationing and price divisions of the Office of Price Administration and representatives of the meat industry. The meat board will attempt to bring about the allocation and distribution of the national meat supply among the three groups, taking into consideration the quantity of meat available from day to day and from week to week. They hope to obtain the close cooperation of all government agencies involved and all segments of the livestock and meat industries.

Although in general we would expect costs of distribution to be lowest under programs involving the greatest amount of competition, including only such regulations

as are required for the protection of the public, circumstances have forced some economies in distribution which we hope will be carried over into peactime. For example, it is reported that the regulations of the Office of Defense Transportation in St. Louis have already reduced mileage 38 per cent in connection with retail milk delivery. Likewise, milk and cream pickup routes are being revised to make substantial savings in mileage and man hours. According to the Dairy Situation, a Chicago creamery reported that in February 1943 the over-all mileage was 915 thousand as against 1,541 thousand for the same month in 1941. An ice cream company in Kansas City has reduced mileage from 94 thousand in October 1941 to 52 thousand in January 1943.

Processors and distributors have complained of the very heavy burden placed upon them by the point rationing system. They are obliged to increase their clerical staff, and it takes more time of the administrative staff as well. This complaint, however, is countered by the Office of Price Administration in pointing out that the food dealers' position is the best on record. The volume of business done by food retailers and wholesalers, dollar margins over costs and profits before taxes, stand at a high level. In support of this statement, it is pointed out that retail sales of food totaled 22.9 billion dollars in 1942, an increase of 96 per cent over 1939, and that, at present, dollar sales are at an even higher level. The Office of Price Administration promises relief for exceptional situations where price regulations work a hardship.

The war brings about very great advances in technology and science. Although the world will be some hundreds of billions of dollars poorer as a result of the war, we shall have learned to produce new and more efficient machines and other goods. One development in the field of agriculture has been the necessity to shift to new types of processed foods, particularly dehydrated foods, in order to conserve shipping space and tonnage and to improve the keeping quality of foods. The government has shifted more and more to the purchase of dehydrated foods for lend lease. We are now drying a substantial fraction of our egg output in the corn belt. More emphasis is also being placed upon dried fruits and milk powders. Dehydrated vegetables and soups are also being made available in large quantities. All of these developments will have an effect upon Illinois agriculture, particularly after the war when the demands will once more not be able to absorb everything that farmers are able to produce at the favorable prices we have today. It was recently pointed out by Dr. Bartlett of this college that the dairy industry will probably be obliged to make some adjustments.

Prospects for imports. The recent reports indicate that the United Nations are doing a better job in meeting the submarine menace. Then, too, we now have better control of the Mediterranean. As a result of these two factors, it may be that more cargo vessels can be released for importing goods into the United States. A news release dated June 8 indicated that imports of cocoa are running about twice the amount of the corresponding period a year ago--1,680 thousand bags so far this year against 767 thousand during the same period in 1942. It is also possible that we shall have larger imports of tankage and other protein supplements from Australia and Argentina. As a result of the revolution in Argentina, it is possible that the recent ban on the exports of edible oils may be lifted. This restriction was originally placed on exports because of a low supply in Argentina; however, they may be willing to share part of their supply in order to take care of a particularly important war demand for certain of these oils in the United States.

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Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared September 30) 1943

As hog receipts picked up, prices declines during the past week in anticipation of the $14.75 ceiling which becomes effective Monday. No serious collapse in hog prices is expected if orderly marketing is practiced. Steer prices were steady.

As a result of the urgent need for more old crop corn in commercial channels, the government removed its promise to pay farmers the difference between present ceiling prices and any higher ceiling prices allowed through November 30. It applies to all corn sold by these producers to elevators for the account of the Commodity Credit Corporation and delivered between September 28 and October 31.

It has been reported that farmers are planning to "hog down" lots of corn this year because of the shortage of labor. Although profitable to the hog grower, it will tend to prevent the shifting of more corn to dairy cows and to commercial channels. The tight feed situation is reflected in climbing oats prices.

Wheat prices rose this week. Probably the strongest stimulant was received from the action of the House Agricultural Committee at Washington in approving a 100-percent parity floor for all war essential crops. Another stimulating influence was the discontinuance of trading in wheat at Winnipeg. The fact that the Canadian Wheat Board set the initial payment on wheat to producers at 35 cents above the original guarantee seemed to convince the trade that wheat was in a strong position. Another factor has been the heavy feeding of wheat which has tended to reduce our surplus very substantially during the past few months. On the other side of the picture, we have the flour ceilings which limit the prices that the millers can pay for wheat, and the possibility that the bill pending in Congress that would permit the importation of wheat from Canada by commercial concerns for three months without the payment of import duty will become law. Inasmuch as the country is not in a critical position with respect to wheat supplies, it is doubtful that the federal government will be willing to permit a rise in wheat prices.

The critical butter situation is being brought to the attention of consumers in the most forceful manner possible, that is, raising the point value of butter. The basic difficulty is that it is more profitable to feed corn to hogs than to dairy cows. As a result, our output of dairy products has declined. Also a larger fraction of the total output of milk is being used as fluid milk.

In order to help farmers meet their 1944 production goals, the War Food Administration announced Tuesday that new regulations will provide for the unlimited manufacture and sale of repair parts and the distribution of twice as much new farm machinery next year as in 1943.

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REPORT ON THE MIDWEST CATTLE FEEDERS' CONFERENCE

Saturday, September 25, a cattle feeders' conference was held at Des Moines. Ranchers, feeders, livestock producers' organizations, the War Food Administration, the Office of Price Administration and agricultural colleges were represented. The following impressions were received:

1. The OPA may lower the ceiling slightly on beef carcasses grading commercial or lower and raise it on choice or good grades, but the cost of beef to the consumer would remain the same. That probably would be done during the next two weeks if done at all. Presumably that would increase the margin somewhat between feeder cattle and good and choice fed cattle. I might mean less opportunity for profit from feeding common stuff.

2. In general the impression prevailed that cattle would have to leave the ranges and that they would become available at a reasonable price if feeders had the patience to wait. A different situation was reported by former Governor McKelvie for Nebraska. In the Sand Hills region they have enough feed to carry steers over winter for another year of grazing. Nebraska reported a tendency to get on a steer basis, that is, sell cows and keep steers. That would mean that the first steps toward liquidation were under way.

3. Emphasis was placed upon the maximum use of roughage and the high returns to be obtained from an acre of silage in cattle feeding.

4. No one seemed to expect a ceiling on live cattle prices, but a case is in the courts now which might require OPA to fix margins all the way down. That would make necessary the fixing of ceilings on live cattle.

5. One speaker ventured the guess that there would be little if any reduction in average live cattle prices during the coming year from the levels existing during the past two months.

6. It probably will be unprofitable as well as unpatriotic to feed to a high finish with present restrictions on available feed supplies, but it would be more desirable to put a decent finish on cattle than to put an extra 100 pounds of fat on hogs.

7. The demand for feeder cattle in relation to the supply of feeder cattle is curtailed and will continue to be curtailed. Therefore feeders will be able to fill all feedlots that should be filled this year at a reasonable margin of profit.

8. Liquidation of native cows in Iowa is already under way. It is a good time to get rid of some trash.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared September 30)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday September 29, 1943	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ 1.57½	$ [illegible]	$1.51½	$1.48 1/8
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 2 white)	--	.80¼-.81½	.77 3/4	.74 7/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.400-.409	.390-.399		
Hogs (top price paid)	15.10	15.25		
Cattle (top price paid)	16.85	16.90		
Hog-corn ratio, Chicago, September 25	14.0	13.7		

*Ceiling prices
**Trading in corn futures is not permitted

As hog receipts picked up, prices declined during the past week in anticipation of the $14.75 ceiling which becomes effective Monday. Tuesday hog prices reached the lowest point in six weeks with receipts at Chicago 22 thousand and the top price $14.90 for good and choice 190- to 300-pound hogs. No serious collapse in hog prices is expected if orderly marketing is practiced.

Corn price guarantee renewed. As a result of the urgent need for more old crop corn in commercial channels, the government renewed its promise to pay farmers the difference between present ceiling prices and any higher ceiling prices allowed through November 30. This reinstated promise applies only to corn marketed by producers in Area A, which includes Illinois, Iowa, eastern Nebraska, east South Dakota, and south Minnesota, and it applies to all corn sold by these producers to elevators for the account of the Commodity Credit Corporation and delivered between September 28

and October 31. At least 10 million bushels of corn will be needed by corn processors in the coming month. As in the previous program, local elevators purchasing corn as agents for the Commodity Credit Corporation will be required to sell 80 percent of their corn to designated industrial users.

It has been reported that farmers are planning to "hog down" lots of corn this year because of the shortage of labor. It is figured that this will cause a worse maldistribution of corn during the coming year. Although profitable to the hog grower, it will tned to prevent the shifting of more corn to dairy cows and to commercial channels. The basic cause of the difficulty is the more favorable price received for corn when fed to hogs than when used for any other purpose.

Wheat. Wheat prices rose this week as a net result of some price stimulating influences and one or two price depressing influences. Probably the strongest stimulant was received from the action of the House Agricultural Committee at Washington in a approving a 100-percent parity floor for all war essential crops. Presumably this would include the basic staples wheat, corn, cotton, and rice. Another stimulating influence was the discontinuance of trading in wheat at Winnipeg. Presumably this left an open short interest at Chicago by traders who had offset purchases of wheat at Winnipeg by sales at Chicago. The fact that the Canadian Wheat Board set the initial payment on wheat to producers at 35 cents above the original guarantee seemed to convince the trade that wheat was in a strong position. Another factor has been the heavy feeding of wheat as tended to reduce our surplus very substantially during the past few months. On the other side of the picture, we have the flour ceilings which limit the prices that the millers can pay for wheat and the possibility that the bill pending in Congress sponsored by Representative Murray of Wisconsin may become law. This bill would permit the importation of wheat from Canada by commercial concerns for three months without the payment of import duty. The Commodity Credit Corporation is now allowed to import Canadian wheat duty free, but commercial firms cannot do so. Inasmuch as the country is not in a critical position with respect to wheat supplies, it is doubtful that the federal government will be willing to permit a rise in wheat prices which would force subsidy payments to flour millers in order to permit them to pay higher prices for wheat and continue to sell flour at a price which would permit no increase in the cost of bread to consumers.

Butter--cold storage holdings. The critical butter situation is being brought to the attention of consumers in the most forceful manner possible, that is, raising the point value of butter. Under present circumstances, that is the only way to provide for an equitable distribution of our restricted available supplies. That doesn't mean that steps could not be taken which would increase production. The basic difficulty is that it is more profitable to feed corn to hogs than to dairy cows. As a result, our output of dairy products has declined. Also, a larger fraction of the total output of milk is being used as fluid milk. There can be no quarrel with this latter feature because the greatest value is obtained from milk when used as fluid milk. From the longer term point of view, however, it would be unfortunate for the dairy industry if domestic needs for butter are taken care of by the use of vegetable fats, as will be the case if sufficient quantities of butter are not made available.

Because of the large fraction of storage stocks of butter set aside for government account, the increase of 52 percent in cold storage butter holdings, as compared with September 1, 1942, is a poor basis for judging the domestic situation.

In contrast with the shortage in butter, we have a very burdensome surplus of lard, three times as much in storage as we had September 1, 1942, and about 30 percent more than the September 1 average for 1938-1942, inclusive. Cold storage holdings of the principle products on September 1, 1943, showed the following percentage changes from a year earlier: frozen fruits, -14 percent; frozen vegetables, +26 percent; creamery butter, +52 percent; cheese, -25 percent; eggs, +19 percent; frozen poultry, -37 percent; beef, +22 percent; pork, +47 percent; total meats, +39 percent; lard, +200 percent.

Poultry price ceiling revised. Effective October 4 and October 12, poultry price ceilings will be revised in such a way that maximum retail prices of quick-frozen, clean-dressed poultry will be reduced 3½ cents a pound; drawn poultry, reduced 1 cent a pound; and dressed poultry, increased 1 cent a pound. It is doubtful if these changes in retail prices will have any appreciable effect upon the farm price of poultry.

Farm machinery quotas raised. In order to help farmers meet their 1944 production goals, the War Food Administration announced Tuesday that new regulations will provide for the unlimited manufacture and sale of repair parts and the distribution of twice as much now farm machinery next year as in 1943. This means that the quota for new machines has been raised to 80 percent of the 1940 production, compared with only 40 percent this past year. There are three schedules for this type of equipment. Schedule one includes 19 types which will be rationed to farmers through the county farm rationing committees. This list includes planters, grain drills, manure spreaders, combines, corn binders, hay loaders, and tractors. Schedule two lists 12 types of equipment which will be rationed, but on a more flexible basis. Included in this list are field ensilage harvesters, portable elevators, grain and forage blowers, garden tractors, milking machines, farm milk coolers, water pumps, windmills, and irrigation pumps. Schedule three consists of 15 types of tractors, drawn and mounted implements not on the ration list, but to be under state distribution control. This includes disc plows and tillers, cultivators, rotary hoes, dusters, grain binders, stationary thrashers, and irrigation distribution equipment. Rationing will also be continued on milk cans and pressure cookers. The change over to the new system will be made December 1.

Farm Credit Administration opposes rise in land prices. Mr. A. G. Black, Governor of the Farm Credit Administration, indicated that federal land banks are determined to prevent farm loan values from spiraling towards inflation and called upon all other mortgage lenders to be equally firm in preventing a repetition of the land boom and crash of the '20s. Records show that those who are borrowing money to buy farmland are borrowing more than for many years. Individual lenders are more generous than institutional lenders. In general the picture is healthy as a result of the continuation of the decline in total mortgage indebtedness of farmers. It is estimated to be 6,125 million dollars as of July 1, which is the lowest figure since 1917. Farm mortgage debt is decreasing at the rate of one-half billion dollars a year. On the other hand, land prices are continuing to increase, new mortgages are increasing in size, and there are increases in the amount of mortgages recorded. These are unfavorable from the long-time point of view.

Governor Black is correct in placing a great deal of responsibility on lending agencies. Land booms are ordinarily made possible through an expansion of credit for use in the purchases of farmland. In the midst of the depression, when the Farm Credit Administration was set up, a lending policy was established on the basis of so-called

normal values. At that time, values were abnormally low, and that meant a rather generous lending policy in relation to sale prices of farmland at that time. Loans on the basis of normal values are just as sensible during boom times as during depressions. The difficulty arises from the fact that at the present time returns on other forms of investment are very low, and lending agencies have very large sums of money available for loans. This tends to cause them to become less conservative and to shift from normal values to current sales prices as a basis for a valuation for lending purposes. This eventually leads to trouble because the buyers are encouraged to borrow too much money and to buy land which they would not buy with a more conservative lending policy. To date, records appear to indicate that Illinois farmers are following a wise financial program, and that most of the speculative purchases of farmland are being made by city people. Over a period of years, it probably will turn out that purchases of government bonds, yielding about 2½ percent interest, will be better investments during the rest of the war and immediate postwar period than will farmland which would appear to yield a very much higher return at current levels of prices of farm products.

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WEEKLY REVIEW AND FARM OUTLOOK LETTER

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College of Agriculture

(Prepared October 14)

According to the October 1 government crop report, soybean production is estimated at 206,868,000 bushels. The average yield in Illinois will be about 21.5 bushels an acre; production, 75,250,000 bushels. Illinois still produces more beans than any other two states combined. The transportation system has become so heavily taxed that farmers are forced to provide for temporary storage space. It is reported that prefabricated wooden bins, which were used last year in the southern part of Illinois, will be available from the Agricultural Adjustment Committees. They are reported to have kept beans well. The Office of Defense Transportation has promised to divert cars to the soybean areas, but many sections have not yet received additional cars.

We shall have a corn crop of 3,055,605,000 bushels. This is one in four times in history in which the corn crop exceeded 3 billion bushels. Estimates for principal crops for the United States are as follows:

	1943	1942
Corn	3 055 605 000 bu.	3 175 154 000 bu.
Wheat	835 816 000 bu.	981 327 000 bu.
Oats	1 148 692 000 bu.	1 358 730 000 bu.
Barley	336 212 000 bu.	426 150 000 bu.
Soybeans	206 868 000 bu.	209 559 000 bu.

Stocks of grain on farms October 1 were 377 million bushels smaller than a year ago. This year they were as follows: wheat, 518 million bushels; corn, 365 million bushels; oats, 941 million bushels.

This year we shall have large surpluses of both Irish and sweet potatoes. Consumers are urged to use them freely in the diet and also to purchase and store them if they have suitable storage facilities. This would help solve serious problems of marketing and distribution. Commercial storage is inadequate.

All white bread must be enriched, but beginning October 1, more thiamin, niacin, and iron are to be used in the enrichment process.

In order to assure adequate supplies, the War Food Administration has urged farmers to make immediate application for mixed fertilizers needed now and next spring, and to accept delivery during the fall and winter months.

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WHAT IS THE OUTLOOK FOR HOGS?

Illinois is predominantly a corn and hog state with soybeans and cattle next in line but quite a distance behind. In 1942, the values of Illinois crops at farm prices were as follows: corn, $364 million; soybeans for beans, $118 million; oats, $63 million; and wheat, $15 million. During that year we produced 2,216 million pounds of hogs valued at $275 million. The gross income from cattle and calves was $172 million. The value of milk produced was approximately $133 million and the value of eggs produced was only about $57 million in spite of a substantial increase in production during recent years.

In response to very favorable relationships between prices of hogs and corn, Illinois farmers expanded hog production 18 per cent between 1940 and 1942. Another large increase occurred in 1943. Now we are asked by the government to cut 1944 spring farrowings 20 per cent below 1943 and reduce average weights next year very substantially below the average for 1943. We have a ceiling of $14.75 on hogs at Chicago and support prices promised. Under present conditions, hog prices are likely to remain near ceiling levels, except for temporary periods of heavy receipts. Beginning October 1, dairymen received more income per unit of products sold, so there will be less tendency for dairymen to switch to hog production. There are no special inducements for hog feeders to switch to dairying, however.

The October crop estimate places 1943 U. S. corn production at more than 3 billion bushels for the fourth time in history. Because of the fact that corn and hogs are usually produced on the same farm, it probably will be profitable to continue to feed corn to hogs, at least until the government works out some system whereby more feed grain is diverted to the dairy farmers. That may be done. A rise in the price of corn and in the subsidies on milk and butterfat would reduce the quantity of corn available for hog feeding. Much simpler would be a reduction in hog price ceilings. All that I am suggesting, however, is that when the government asks that available feed supplies be diverted from hogs to dairy cows, it would seem reasonable to expect that steps would be taken to facilitate the shift. The improvement in corn prospects and increased imports from Canada may make drastic changes unnecessary.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared October 14)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday October 13, 1943	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$1.53 5/8	$1.51 7/8
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 2 white)	.85 3/4-.87	--	.78 3/8	.76 5/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.400-.409	.400-.409		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	16.85	16.90		
Hog-corn ratio, Chicago October 9	13.9	13.9		

*Ceiling prices
**Trading in corn futures is not permitted

Practically all classes and grades of hogs brought ceiling prices during the past week. Lots of farmers took advantage of this situation to unload off-grade stuff. Receipts began to pick up by Wednesday and the poorer quality hogs were sold at some discount. Stocker cattle brought $11.50 to $13.50 at Chicago Wednesday; strictly good and choice cattle brought $15.75 to $16.50.

All grains were strong in response to the crop report.

The War Meat Board is meeting at Washington with government officials to study a proposed "cattle management plan." The details have not been divulged but presumably involve control of cattle prices--not necessarily a true ceiling on live cattle but possibly spreads including a "high-low price control" scheme.

Soybeans. According to the October 1 government crop report, soybean production is estimated at 206,868,000 bushels. This is a slight reduction from last year. The average yield in Illinois will be about 21.5 bushels an acre; production, 75,250,000 bushels. This is an increase over last year. However, there was a 2-million-bushel decrease in the Indiana output; 1 million increase in Ohio, and no change for Iowa. Illinois still produces more beans than any other two states combined. Conditions for harvesting were ideal up to Wednesday, and literally millions of bushels were combined in Illinois. Because of unfavorable growing conditions in the latter part of the season, some of the beans were smaller than normally, but the moisture content was so low that practically all of them graded No. 1, and brought the maximum price of $1.86.

During the past week or two the transportation system has become so heavily taxed because of a heavy movement of farm crops, including grains from Canada, plus a heavy flow of war materials that dealers were not always able to get all the box cars they needed. In some cases, this has forced some farmers to provide for temporary storage space. Farmers are urged to give special attention to such temporary storage facilities as empty horse stalls, oat bins, unused corn cribs, and space ordinarily used for machinery storage to make sure that the walls are tight and that there is sufficient strength in the floors and frame work, and also to guard against moisture. It is reported that prefabricated wooden bins, which were used last year in the southern part of Illinois, will be available from the Agricultural Adjustment Committees. They are reported to have kept beans well. In the meantime, the Association of American Railroads has attempted to divert 4,000 box cars into the Northwest to transport wheat from congested producing areas and furnish relief to distressed feeding areas in the East. The Office of Defense Transportation has promised to divert cars to the soybean areas, but to date many sections have not yet received any additional cars. Every effort should be made to prevent spoilage to this valuable war crop until the transportation situation can be cleared up.

Corn production estimate raised. According to the October 1 crop report, we shall have a corn crop of 3,055,605,000 bushels. This is slightly below last year's record harvest of 3,175 million bushels, but it is one in four times in history in which the corn crop exceeded 3 billion bushels. The estimate for Illinois is 446 million bushels compared to 433 million bushels a year ago. In view of the great increase in livestock on farms, the increase in the estimate for corn production is indeed good news. Total feed grain production is expected to total about 115 million tons or about 9 million tons below last year's output, but above that of any other year since 1915. Estimates for principal crops for the United States are as follows:

	1943	1942
Corn	3 055 605 000 bu.	3 175 154 000 bu.
Wheat	835 816 000 bu.	981 327 000 bu.
Oats	1 148 692 000 bu.	1 358 730 000 bu.
Barley	336 212 000 bu.	426 150 000 bu.
Soybeans	206 868 000 bu.	209 559 000 bu.

Stocks of grain on farms October 1 were substantially smaller than a year ago. This year they were as follows: wheat, 518 million bushels; corn, 365 million bushels; oats, 941 million bushels. The total was 377 million bushels less than a year ago, and in view of the feed requirements and record numbers of livestock and poultry on farms this year, total production and carry-over will not provide for heavy feeding and maximum finish on livestock.

Wheat from Canada. According to the Commodity Credit Corporation, approximately 19.5 million bushels of wheat have been brought into the United States from Canada since July 1. The Commodity Credit Corporation has purchased 11 million bushels of Canadian wheat, but has not been able to obtain transportation for about 5 million bushels. The volume of wheat under federal loan is well below the 1942 level. On September 30, loan stocks were only 77 million bushels compared to 191 million bushels a year earlier.

Canadian grain stocks. While our stocks of grain are substantially lower than a year ago, the carry-over of all grains July 31, 1943, reached new record levels in Canada. The carry-over of wheat was 601 million bushels compared to 434 a year ago. An unusually large fraction of these stocks is stored on the farms this year.

More interest in potatoes and bread. This year we shall have large surpluses of both Irish and sweet potatoes. The War Food Administration has selected potatoes as the victory food selection for the period October 21 through November 6. Consumers are urged to use them freely in the diet and also to purchase and store them if they have suitable storage facilities. This would help solve serious problems of marketing and distribution. Commercial storage is inadequate to handle the huge supplies. Irish potatoes should not be allowed to freeze or they will spoil, and if kept below 40 degrees for any length of time, some of the starch turns to sugar, causing a sweet taste. If stored in a warmer place for about a week before they are used, this sugar changes back to starch, and the natural flavor returns. In some areas the late tomato crop can be conserved by making chili sauce. Did you ever try chili sauce on American fried potatoes? Sweet potatoes are practically equal to white potatoes in energy value, Vitamin C, thiamin, and protein content, and have a good amount of Vitamin A in addition.

Beginning October 1, the War Food Administration is requiring a higher level of enrichment in the manufacture of white bread. All white bread must be enriched, but beginning October 1, more thiamin, niacin and iron are to be used in the enrichment process. The amount of riboflavin is also restored to the original specified amount.

Fertilizers. The War Food Administration has urged farmers to make immediate application for mixed fertilizers needed now and next spring, and to accept delivery during the fall and winter months. This is necessary because of transportation, labor, and storage difficulties. If delivery is taken now, farmers can expect to have an adequate supply of fertilizers during the 1943-44 crop season. Application is made to local dealers.

Fats and oils to Russia. Delivery of edible fats and oils to representatives of Soviet Russia during the first seven months of 1943 totaled 264 million pounds, divided as follows: linseed oil, 158 million; lard, 138 million; shortening, 35 million; butter, 17 million; oleomargarine, 12 million; tallow, 12 million; and oleo oil, 2 million pounds. Even with these supplies the per capita consumption of fats and oils

in Russia probably will not exceed half that of United States. They use linseed oil in bakery products, for frying, on salads, and cooked cereals; lard has become a spread for bread among the civilians. Most of the butter goes to the Army and to hospitals.

Food rationing in the British Commonwealth. The Royal Bank of Canada is authority for the following statement of basic rations in effect June 30, 1943, in the various countries comprising the British Commonwealth.

FOOD RATIONING IN THE BRITISH COMMONWEALTH
(Basic rations in effect June 30, 1943)

Commodity		Great Britain	Canada	Australia	New Zealand	Newfoundland a/
Sugar	oz. per week	8	8	16	12	16
Tea	oz. per week	2	1 or	2	2	(2) or
Coffee	oz. per week	*	4	*	*	(4)
Meats	lb. per week	App. 1	1 to 3 (According to type)	*	*	*
Bacon	oz. per week	4	Included in meat ration	*	*	*
Cheese	oz. per week	4	*	*	*	*
Candy	oz. per week	4	*	*	*	*
Preserves	oz. per week	4	*	*	*	*
Butter and fats	oz. per week	8 (2 oz. butter)	8	8	*	*
Canned goods	points per month	20	*	*	*	*

* Not rationed
a/ Effective July 5, 1943

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Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared November 11)

Wednesday, November 10, the top price paid for hogs was $13.75 at Chicago, the government support price. Receipts were 36,000. Packers already had an oversupply from earlier in the week and about 12,000 head had to be held over. The labor shortage in packing plants is a major contributing factor. Local shipping associations are voluntarily holding up shipments pending calls from terminal markets. A system of government permits may be necessary to assure orderly marketing and maximum prices to farmers.

The disappearance of all feed grain, including wheat and rye, was 35 percent greater from July to September this year than last. With this very rapid disappearance of grain, it is probable that we shall face another feed shortage in many areas next spring and early summer. The government recently relinquished control over the marketing of corn, that is, the destination of corn received by local elevators. It is indicated, however, that in order to build up a backlog of supplies to take care of emergency needs of processors, the government expects to purchase about 52 million bushels of corn by June 1. Any stockpile that is built up will have to come from corn of reasonably low moisture content that is suitable for storage. That may mean a little more competition between feeders, processors, and the government later on. Efforts continue to be made to provide wheat for feed. It is reported that five eastern distilleries expect to shift over to the use of molasses instead of wheat for the production of alcohol. The molasses-for-alcohol program is expected to relieve about 68 million bushels of wheat a year for livestock feeding purposes.

The general consensus of opinion seems to be that the end of the war with Germany will have the following effects: (1) War spendings will be cut about one-third. (2) There will be some army demobilization and no more drafting of men. (3) Unemployment will not be especially severe for the nation but may be acute in local areas. (4) Rationing and price control will probably continue for some time. (5) There will be no chance to buy automobiles and other consumer goods in large quantities for several months after the war in Europe ends. (6) The war with Japan will continue, probably well into 1945.

Shoes may be scarce this winter, but the Office of Price Administration promises us 30-days' notice before shoe stamp No. 18 expires.

Although oranges have been scarce and high priced, the outlook is for an early and mid-season crop (October to May) about 18 percent more than last season. The grapefruit crop this season is indicated to be about 4 percent smaller than the extremely heavy crop of last year, but it would still be the second largest crop on record. Prices are expected to continue at relatively high levels during most of the season, probably at or near ceiling levels.

The embargoes on marketing turkeys by farmers havebeen removed.

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GLJ:OM
11-11-43

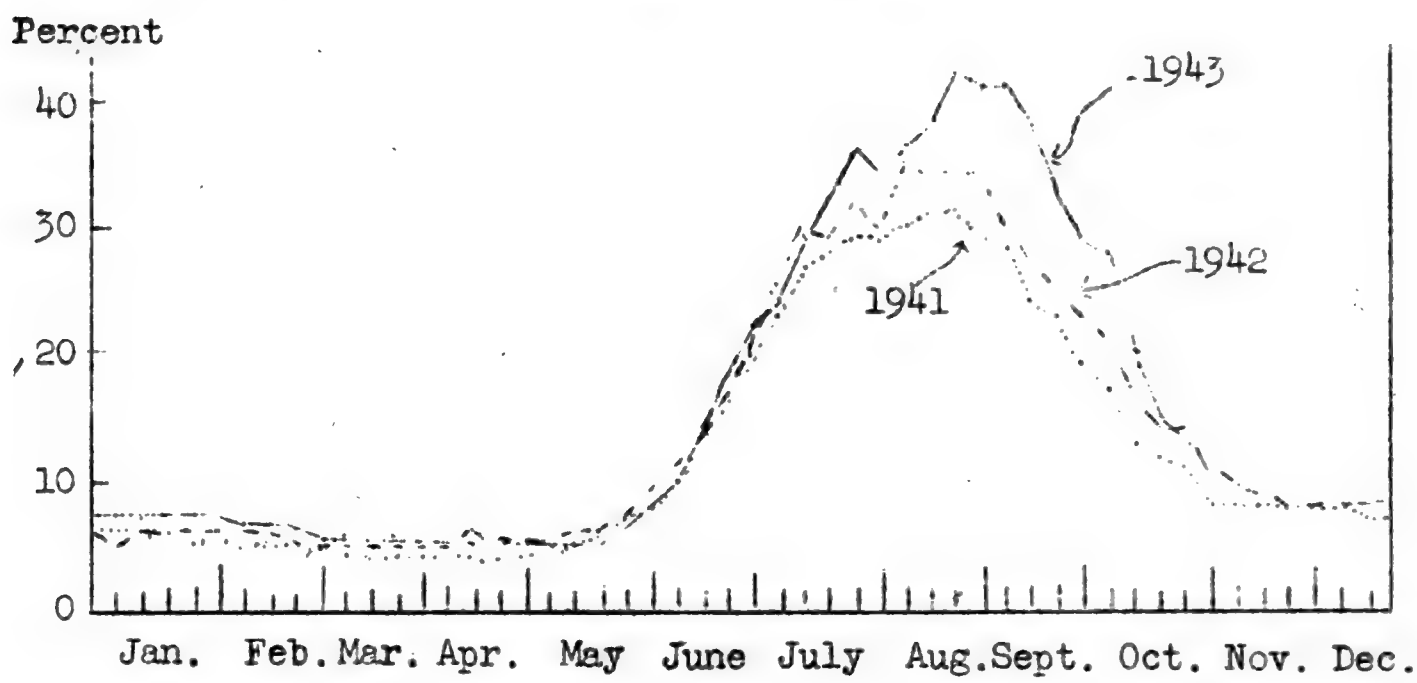
MARKETING OF SOWS HAS BEEN HEAVY DURING THE SUMMER MONTHS

Packing sows by weight constituted a larger proportion of the total hog purchases of packers and shippers at seven important livestock markets for the months of July through October than a year ago (see chart below). The number marketed this summer, June through August, is about half again as large as last year. Unanswered questions are: How much did the increased marketing of sows reduce the number of 1943 fall pigs farrowed, and what will be the effect on the 1944 spring pig crop?

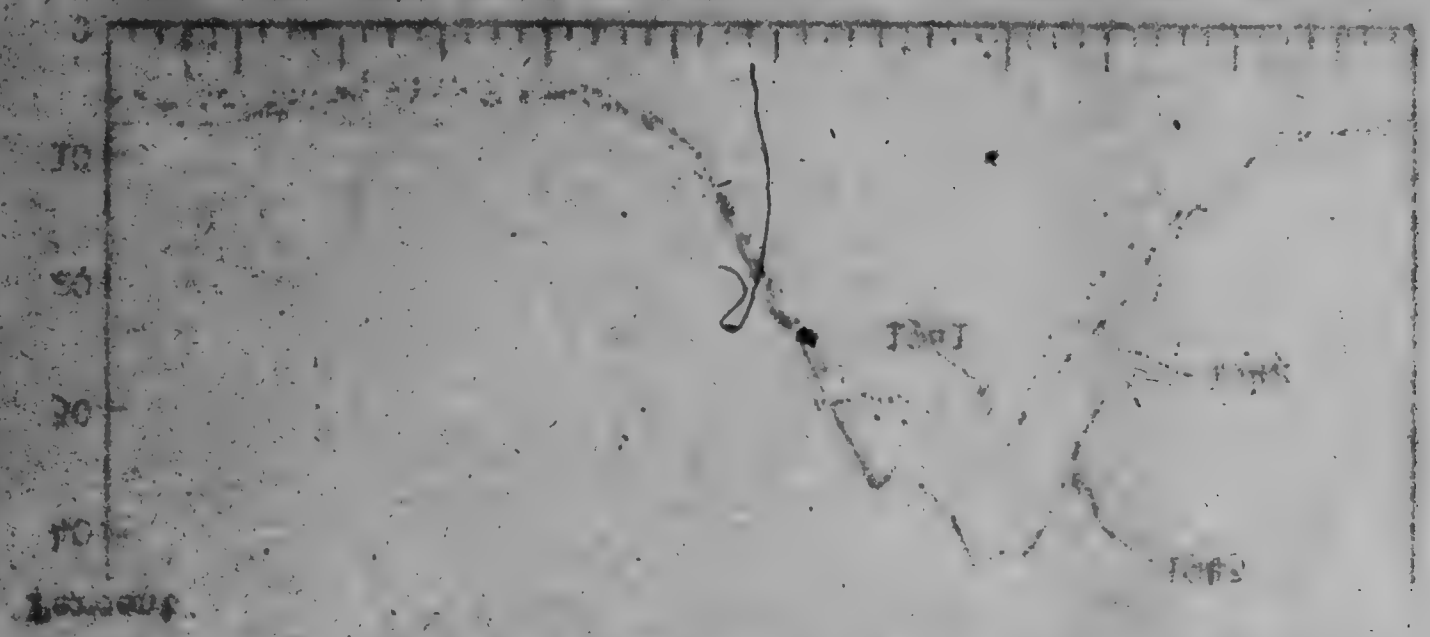
Because the increase in the slaughter of sows from June through August 1943 over the same period in 1942 was relatively greater than the increase in farrowings of 1943 spring pigs over the 1942 crop, the Bureau of Agricultural Economics has suggested that the earlier estimate of 53 million head for the 1943 fall pig crop may be too high. Also, there was a 27 percent increase in receipts of hogs at these seven markets from May through September compared with a 22 percent increase in the 1942 fall pig crop over the previous year. However, some of the increased marketing of sows this past summer may have been due to replacement of older sows by gilts.

Short feed supplies have played an important role in the heavy marketing of sows, and any immediate reduction in hog numbers is not likely to be uniform over the country. Data on hog receipts at the seven markets reveal that the relative increase in packer sow slaughter compared with last year has been much greater at East St. Louis, Kansas City, and Indianapolis, located in areas where feed crops are short, than at Omaha and Sioux City, Iowa, where a record corn crop was made.

PURCHASES OF PACKING SOWS BY PACKERS AND SHIPPERS AT SEVEN MARKETS
AS PERCENT OF TOTAL PURCHASES, BY WEEKS, 1941, 1942, and 1943



L. F. Stice



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared November 11)

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Commodity Prices at Chicago

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	Wednesday November 10, 1943	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$1.57 1/8	$1.57 3/4
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 3 white)	.79¼-.82¼	--	.78 1/8	.76 5/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.434	.434		
Hogs (top price paid)	13.75	14.40		
Cattle (top price paid)	16.60	16.75		
Hog-corn ratio, Chicago, November 6	13.4	13.6		

*Ceiling prices
**Trading in corn futures is not permitted

Hogs. Wednesday, November 10, the top price paid for hogs was $13.75 at Chicago, the government support price. Receipts were 36,000. Packers already had an oversupply from earlier in the week and about 12,000 head had to be held over. The labor shortage in packing plants is a major contributing factor. Local shipping associations are voluntarily holding up shipments pending calls from terminal markets. A system of government permits may be necessary to assure orderly marketing and maximum prices to farmers.

Feed grains. Doctor D. A. Fitzgerald, Deputy Director of Food Production, discussed the feed concentrate situation before a recent meeting of the New England feedmen. He said:

"Twenty-eight percent more feed concentrates were fed in '42-'43 than in '41-'42, whereas the increase in livestock production was less than 13 percent... The quantity of feed--three-fourths of a ton--used to produce a unit of livestock products in 1942-43 was the largest since 1930. The nearest approach to this was in 1932-33 when feed was wastefully used because the supply was abundant and the prices extremely low. There was a time, as in 1934-35, when a half a ton of concentrates produced as much of livestock products as three-fourths of a ton produced in '42-'43... We believe that by efficient use of the available feed supply, and reasonable success in distributing it, we can attain our production goals for 1944."

The disappearance of all feed grain, including wheat and rye, was 35 percent greater from July to September this year than last. Nearly three times as much wheat was fed to livestock in the year ending this September as a year earlier, with the

greatest emphasis on wheat fed during the summer months when wheat was substituted for corn in many regions. Other feed grains were also used to a much greater extent during that 12-month period, including a 37-percent increase in rye, a 19-percent increase in oats, and a 14-percent increase in barley fed to livestock. With this very rapid disappearance of grain, it is probable that we shall face another feed shortage in many areas next spring and early summer. Not only will this be true in the eastern regions, but parts of the east north-central states, the south central states, and parts of the Pacific coast may be affected.

Corn. Corn has been coming to market freely enough to take care of the needs of processors. This, for the most part, has been high moisture corn which is satisfactory for immediate use but not much good for storage. The government recently relinquished control over the marketing of corn, that is, the destination of corn received by local elevators. This was done in order to obtain a freer movement of corn as between the feeders and other industries needing corn. It is indicated, however, that in order to build up a backlog of supplies to take care of emergency needs of processors, the government expects to purchase about 52 million bushels of corn by June 1. In other cases where the government has built up stockpiles for the armed forces, lend-lease, and emergency uses, it has done so at the time of flush agricultural production. That was particularly true in connection with butter and probably will be true in connection with pork this winter. However, in connection with corn, any stockpile that is built up will have to come from corn of reasonably low moisture content that is suitable for storage. That may mean a little more competition between feeders, processors, and the government later on.

Oats. Oats prices hold up remarkably well as a result of the strong demand for all feed grains. In spite of the fact that the number of horses and mules has followed a declining trend for many years, the demand for oats has been strengthened during the past year by the use of greater quantities going into feed for dairy cows, poultry, young cattle, and breeding stock. More hulled and ground oats are being fed to hogs.

Rye. The disturbing feature about the rye market is an open interest in rye futures far in excess of the amount of rye that could be delivered in satisfaction of these futures. This applies particularly to the December future. The market may therefore be rather erratic.

Wheat. Efforts continue to be made to provide wheat for feed. It is reported that five eastern distilleries expect to shift over to the use of molasses instead of wheat for the production of alcohol. The molasses-for-alcohol program is expected to relieve about 68 million bushels of wheat a year for livestock feeding purposes. The Office of Defense Transportation reports about 23 million bushels of grain were transported on the Great Lakes in October to set an all-time monthly record. The railroads have all done a fine job of transporting grain in spite of the extremely heavy traffic in war materials.

"Peace" markets. During the past week, developments have contributed greatly to an anticipation for a speedy conclusion of the war in Europe. As a result, we have had a rather serious collapse in the stock market and considerable disturbance in some of the commodity markets. The first thing to remember is that the war is not won and the European phase may not be over before the summer or fall of 1944. The Pacific phase certainly will last beyond 1944. Inasmuch as the demand for farm products in the United States and the export outlet are based, in part, upon war activities, there is bound to be considerable uncertainty as to prices. Within the past few days, an international relief and rehabilitation organization has been set up, and we shall undoubtedly provide foodstuffs and probably breeding stock to European nations. However, there is likely to be considerable unemployment as factories now producing

armaments are obliged to switch over to peacetime operations. A hint as to what might happen is given in the drastic decline in the prices of some airplane manufacturing stocks during the past two weeks.

The general consensus of opinion seems to be that the end of the war with Germany will have the following effects: (1) War spendings will be cut about one-third. (2) There will be some army demobilization and no more drafting of men. (3) Unemployment will not be especially severe for the nation but may be acute in local areas. (4) Rationing and price control will probably continue for some time. (5) There will be no chance to buy automobiles and other consumer goods in large quantities for several months after the war in Europe ends. (6) The war with Japan will continue, probably well into 1945.

Shoes. Shoes may be scarce this winter, but the Office of Price Administration promises us 30-days' notice before shoe stamp No. 18 expires.

Citrus fruit outlook. Although oranges have been scarce and high priced, the outlook is for an early and mid-season crop (October to May) about 18 percent more than last season. The California crop is expected to be up 30 percent and the Florida crop up 10 percent. The grapefruit crop this season is indicated to be about 4 percent smaller than the extremely heavy crop of last year, but it would still be the second largest crop on record. The demand is expected to continue extremely strong, particularly in view of the short supply of fresh apples and pears and canned fruits. So prices are expected to continue at relatively high levels during most of the season, probably at or near ceiling levels.

Foreign trade. According to the Census Bureau, both exports and imports for the first nine months of 1943 exceeded the previous year's figures. Exports, including lend-lease, but excluding goods sent to the United States armed forces abroad, increased 14 percent for the nine months' period, and for September were 68 percent above September 1942. Imports in September were 41 percent above the year previous. For the first nine months, they were up 27 percent. This is an indication of the improvement in the shipping situation and also of our ability to get lend-lease materials to our allies.

Correction. Last week, we quoted a revision in home-slaughter rules. The government has sent through a correction of the last sentence of the first paragraph of the quotation as follows: "In all cases the raising of livestock must take place on a farm or other place which the livestock producer operates."

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GLJ:sm
11/11/43

Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared November 18)

Hog marketings continue heavy, but there is less congestion in terminal markets than last week. A two-day embargo was placed on all livestock at South St. Paul. Good and choice barrows and gilts bring the government's support price of $13.75 for the 200 to 270 pound weights. The desirable procedure would seem to be to sell your hogs as they reach a desirable finish and weigh in excess of 200 pounds, providing the terminal markets can handle them. There is a heavier discount on hogs weighing under 180 pounds than there is on hogs of the same grade weighing above 300 pounds. There often is no reliable outlet for pigs under 130 pounds. Marvin Jones has requested lower point values for pork and enforcement of the $13.75 floor at all major markets.

For the 9 months January to September 1943 farmers produced 1 percent less milk than during the same period in 1942. Other production figures were as follows: eggs, up 13 percent; lamb and mutton, up 8 percent; lard, up 18 percent; but beef, down 12 percent. The November crop report indicates an estimated yield of 3,086 million bushels of corn, an increase of 1 percent from October 1, and only 90 million bushels below the bumper crop of 1942 and over 700 million bushels larger than the 1932-41 average. The preliminary estimate for corn yields for Illinois was 51.0 bushels per acre, compared to a yield of 59 bushels for Iowa. Illinois led all states in soybean production and yields.

Congress is still battling over the subject of food subsidies, with the House of Representatives setting anti-subsidy legislation for floor consideration Thursday. The measure will probably come to a vote on November 22. The granting of the wage increase to coal miners on the pretext that they would take only 15 minutes for lunch and the approval of the wage increase of between 4 and 10 cents an hour for certain railroad workers would seem to be an entering wedge that might result in further inflation. All other labor groups will think that they are entitled to increased wages. Farmers argue that industrial workers are making such high wages that they don't need any government subsidy, and any increase in wages makes the farmers' case that much stronger. However, the general consensus of opinion is that there will be no runaway inflation during the war, and that attempts will be made to prevent it in the early postwar period. Probably the tactics used will be to fight heavy demands of pressure groups for increased wages or prices as long as possible, make the smallest concession that is politically feasible, and hope that the war is over before the dike breaks and the inflation flood overwhelms us.

The government reports that during October the lamb feeding situation continued to indicate a rather sharp reduction from a year earlier in the number of lambs and sheep to be fed during the present feeding season. The greatest reduction has been in the western corn belt, where the wheat pasture prospects were unfavorable. Some increases in lamb feeding are indicated for Illinois, Minnesota, and Iowa.

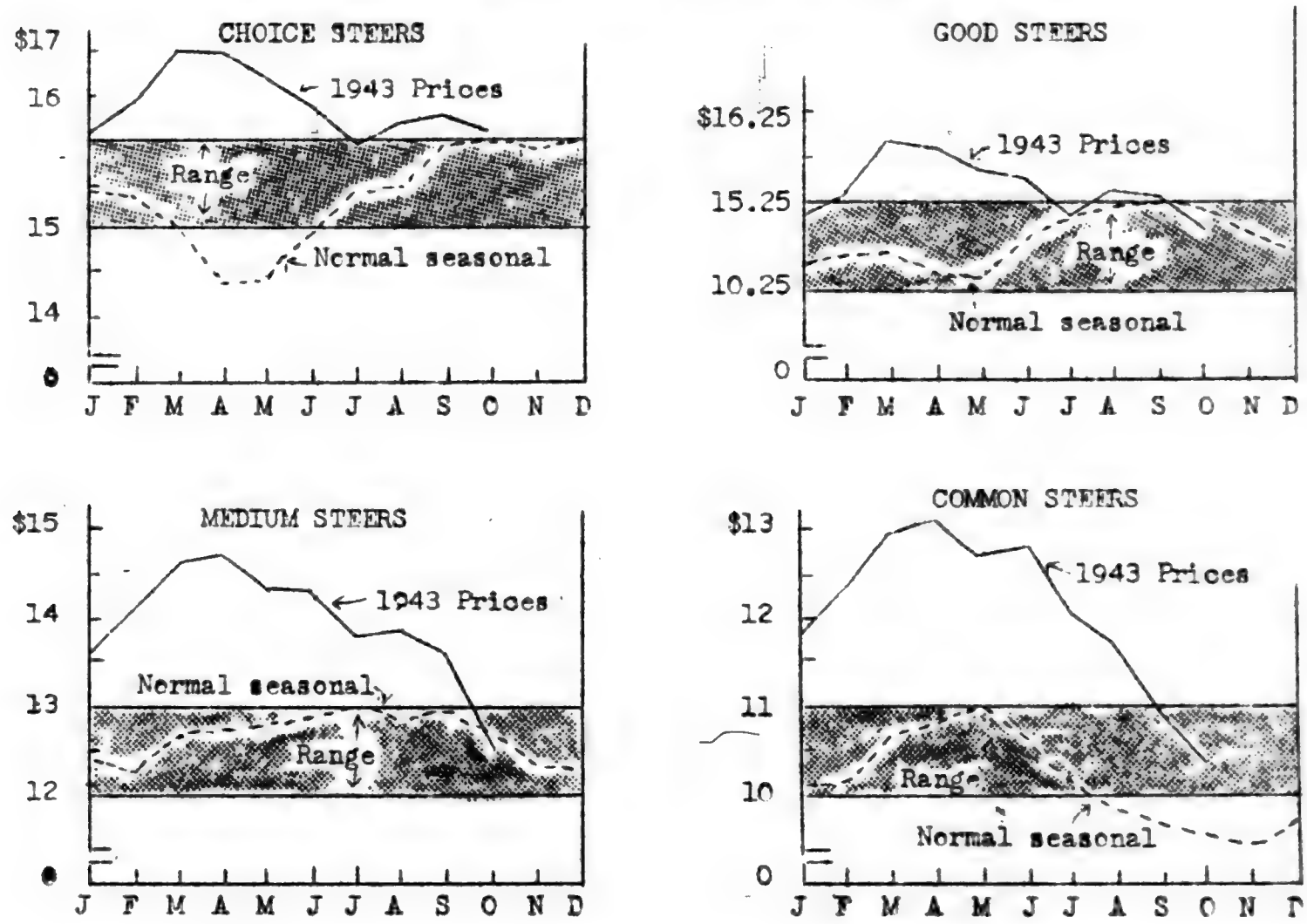
GLJ:rw
11-18-43

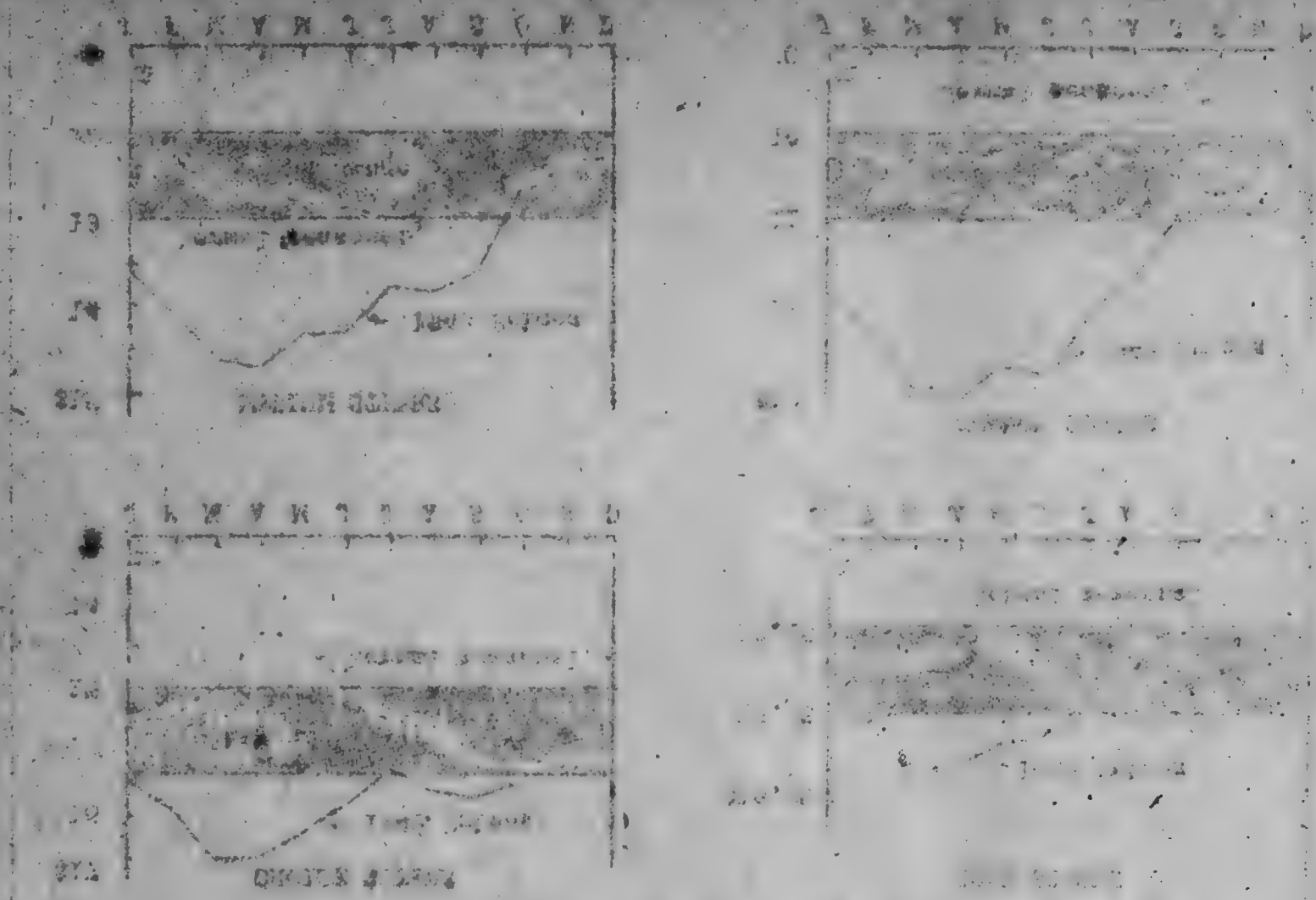
1944 CATTLE FEEDING PROGRAMS NEED CLOSE SCRUTINY

Cattle feeding programs are intended to take advantage of seasonal changes in cattle prices. Stabilized cattle prices will change the 1944 price pattern from the normal seasonal pattern and from 1943 prices (see charts below). For example, choice cattle should remain near the top of their stabilized range, barring changes in ration point values, in terms of lend-lease purchase, or in government subsidies to packers. This and the $15.25 top for good grade cattle lessen the inducement for marketing cattle as choice in the late summer or early fall. Prices of lower grades were stabilized at seasonal lows, but the usual spring price advance can be obtained only by stepping cattle up a grade in the feed lot. Costs of gains compared with the price differentials between grades determine whether this is advisable.

--L. F. Stice

CATTLE PRICES: 1943 PRICES, RANGE OF STABILIZED PRICES, AND NORMAL SEASONAL PRICES with high equal to top of range (dollars per cwt.)





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Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday November 17, 1943	Week ago	Wednesday	Week ago
Wheat (No. 1 hard red winter)	$ 1.66½	$ --	$ 1.60½	$1.57 1/8
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 3 white)	.87½	.79¼-.82¼	.79	.78 1/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.424	.434		
Hogs (top price paid)	13.75	13.75		
Cattle (top price paid)	16.25	16.60		
Hog-corn ratio, Chicago, November 13	12.8	13.4		

*Ceiling prices
**Trading in corn futures is not permitted

Grain prices strengthened during the past week. The new corn loan rate announcement has been delayed, presumably pending a decision concerning the ceiling price on the 1943 corn crop. The loan rate will have to be announced before December 1. The best guess is that it will be 85 percent of the November 15 parity price of corn.

Hogs. Hog marketings continue heavy, but there is less congestion in terminal markets than last week. Good and choice barrows and gilts bring the government's support price of $13.75 for the 200 to 270 pound weights. However, shippers of light hogs received considerably lower prices. When the government asked farmers to market their hogs at lighter average weights, that didn't mean to send in hogs weighing less than 200 pounds. The average weight of barrows and gilts received at Chicago during October was 233 pounds. If this were reduced to 220 pounds, it would show considerable improvement. The desirable procedure would seem to be to sell your hogs as they reach a desirable finish and weigh in excess of 200 pounds, providing the terminal markets can handle them. There is a heavier discount on hogs weighing under 180 pounds than there is on hogs of the same grade weighing above 300 pounds. Tuesday, November 16, good and choice barrows and gilts, weighing from 300 to 330 pounds, brought $13.50 to $13.70, but good and choice barrows and gilts, weighing from 160 to 180 pounds, brought only $12.50 to $13.25. There often was no reliable outlet for pigs under 130 pounds. Marvin Jones, War Food Administrator, has requested lower point values for pork and enforcement of the $13.75 floor at all major markets.

Seasonal movements of livestock prices under present controls. Normal seasonal movements of beef cattle prices for various grades, 1943 prices, and the possible range under the "stabilized" pricing system are illustrated in another section of this review. Several influences are at work to prevent the usual pattern of seasonal price movements of livestock and livestock products from occurring in 1944. In general, that portion of the demand based upon consumers' desire and willingness to pay would hold prices of all livestock near ceiling levels. During the coming months, however, demand will be influenced more by the ration point values than by consumers' ability to pay. Our principal concern is that such price relationships be maintained as will encourage maximum balanced production of farm products.

Heretofore we have been able to estimate to some degree the probable future trends in production by observing the livestock-feed ratios. These ratios are beginning to lose their value, because in some cases they represent prices to farmers that include a subsidy to packers and in other cases they represent prices to farmers that exclude a subsidy to the farmers themselves. During October the hog-corn ratio in the United States was 7 percent above the long-time October average. The butterfat-feed ratio was down 15 percent; milk-feed ratio, down 5 percent; and the egg-feed ratio, down 11 percent. However, since the subsidy has been in effect, the butterfat-feed ratio and the milk-feed ratio do not reflect total income to farmers from the dairy enterprise.

Agricultural production. For the 9 months January to September 1943 farmers produced 1 percent less milk than during the same period in 1942. Other production figures were as follows: Eggs, up 13 percent; lamb and mutton, up 8 percent; lard, up 18 percent; but beef, down 12 percent. The November crop report indicates an estimated yield of 3,086 million bushels of corn, an increase of 1 percent from October 1, and only 90 million bushels below the bumper crop of 1942 and over 700 million bushels larger than the 1932-41 average. The acreage harvested this year was 5.4 percent above 1942, but the acre yield was lower. Other production estimates are as follows:

Commodity	Production, U.S. 1943	Production, U.S. 1942	Acreage harvested, U.S. 1943 as percent of 1942
All wheat	836 million bushels	981 million bushels	100.8
Oats	1,149 million bushels	1,359 million bushels	100.1
Soybeans	206 million bushels	210 million bushels	106.7
Potatoes	469 million bushels	371 million bushels	124.0
Sweet potatoes	76 million bushels	65 million bushels	130.5
Tame hay	86 million tons	92 million tons	100.5

In general, the northern two-thirds of Illinois fared very well this year. Yields per acre were 80 percent, or more, of normal in practically all of that area. However, the southern one-third, and particularly a narrow strip extending two-thirds of the way from Terre Haute to St. Louis, was worse off than in 1942. The preliminary estimate for corn yields for Illinois was 51.0 bushels per acre, compared to a yield of 59 bushels for Iowa. On the other hand, the yield of soybeans for Illinois was estimated at 21.5 bushels an acre, compared to 20.0 for Iowa. Illinois led all states in soybean production and yields.

Price ceilings under heavy strain. Congress is still battling over the subject of food subsidies. The measure will probably come to a vote in the House of Representatives on November 22. The granting of the wage increase to coal miners on the pretext that they would take only 15 minutes for lunch and the approval of the wage increase of between 4 and 10 cents an hour for certain railroad workers would seem to be an entering wedge that might result in further inflation. All other labor groups will think that they are entitled to increased wages. Farmers argue that industrial workers are making such high wages that they don't need any government subsidy, and any increase in wages makes the farmer's case that much stronger. However, the general consensus of opinion is that there will be no runaway inflation during the war, and that attempts will be made to prevent it in the early postwar period. Probably the tactics used will be to fight heavy demands of pressure groups for increased wages or prices as long as possible, make the smallest concession that is politically feasible, and hope that the war is over before the dike breaks and the inflation flood overwhelms us.

Protein feeds. The distribution problem in connection with protein supplements has not yet been worked out. Last year the mixed-feed dealers contracted for such a large portion of the oilmeal output that farmers had difficulty in getting hold of protein supplements except as they came in the form of commercial mixed feeds. That was objectionable to many farmers for two reasons: first, they felt that they paid too much for what they were getting in the way of proteins, and, second, many of them had plenty of carbohydrate feeds and didn't need anything but concentrated protein feeds. They felt that they were obliged to pay a high price for the carbohydrate content which they had at home in cheaper form. This year, the mixed-feed dealers are having difficulty getting hold of enough protein concentrates to take care of their usual volume of business. In a few cases it was reported that mixed-feed dealers have obtained oilmeal processing facilities. It is also reported that oilmeal processors in some cases have gone into the mixed-feed business, but the mixed-feed manufacturers that do not have these connections are in difficulty. The government has reserved the right to require oilmeal processors to set aside up to 20 percent of their output for government allocation in distress areas. To date the government has not exercised this privilege.

Lamb feeding situation. The government reports that during October the lamb feeding situation continued to indicate a rather sharp reduction from a year earlier in the number of lambs and sheep to be fed during the present feeding season. The greatest reduction has been in the western corn belt, where the wheat pasture prospects were unfavorable. Some increases in lamb feeding are indicated for Illinois, Minnesota and Iowa. There was a shift this year in the corn belt to purchases of more feeder lambs through public stock yards, but a decrease in direct sales. The unfavorable wheat pasture conditions and high cost of feeds, especially of hay, caused a substantial weakness in feeder lamb prices recently, particularly in prices of light lambs under 60 pounds.

Farm employment. The November 1 farm employment in the country was about 2 percent less this year than on November 1 in 1942, about 3 percent less than the 1938-42 average, and showed a slightly greater than usual seasonal decrease between October 1 and November 1. The decrease is accounted for entirely by a drop of nearly 7 percent of hired employees. The number of family workers is slightly higher this November than a year earlier. The United States Department of Agriculture accounts for this increased employment of members of operators' families on the basis of (1) patriotic appeals to such persons to help during the emergency; (2) dismissal of schools in many communities this year to allow pupils to assist at home in the harvesting of crops; and (3) the tendency of some farmers to get along as best they can with such family labor as there is available rather than to hire inexperienced help.

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Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared December 2)

Tuesday, November 30, Marvin Jones, War Food Administrator, and officials of the Office of Price Administration and Commodity Credit Corporation met with a group of senators to discuss corn ceilings. There was some difference in point of view among the senators, those from Iowa suggesting no change in the ceiling, one from Oklahoma and one from Indiana suggesting that there should be no ceiling, and others suggesting ceilings up to $1.28 a bushel, Chicago basis. Senator Lucas, although absent, was reported to favor $1.22 a bushel. Mr. Jones asked for a reaction to the possibility of $1.16 a bushel and said, "It will be necessary to have an adjustment upward in the corn price ceiling."

The ceiling price on corn will be raised, but in making this adjustment upward, the government should recognize that many farmers have established their livestock enterprises on the basis of present ceilings on corn. Therefore, support prices should be maintained on livestock at a reasonable level until producers are able to dispose of present holdings at reasonable weights and a reasonable finish.

Beginning December 1, Illinois farmers who met 90 percent of their war crop goals will be able to obtain corn loans equal to 85 percent of parity price of corn as of September 15. The United States parity price was $1.06 a bushel on that day. Loan rates in the corn-belt counties are based upon freight differentials from average shipping points within the area to the terminal markets to which corn would normally flow. Loans will be available through June 30, 1944, and will be due October 1, 1944, but will be callable by the Commodity Credit Corporation at any time prior to that date.

November 26, the House Ways and Means Committee approved a resolution to suspend for 90 days all duties on importation of wheat, oats, barley, rye, flaxseed, and hay. This is only a resolution and not a law, but in combination with the possibility of a ceiling on oats below current prices, it caused considerable weakness in the grain market for a few days.

Grain prices depend in a large way upon the demand for livestock and livestock products and also to some extent upon the distilling industry. The end of the war will be a signal to most farmers to reduce livestock numbers. The present efforts to reduce livestock numbers are merely to bring them down to a level comparable to our supplies of feed grains. That would still be a very high level compared to prewar averages. A further reduction would be expected at the close of the war.

Cattle price ceilings are delayed until December 15 or the first accounting period following December 15 for each individual packer. However, it should be emphasized that there are no real ceilings on cattle prices. Packers may pay higher than the so-called ceiling prices by sacrificing part or all of their subsidy, and may also pay less than $1.00 below the so-called ceiling by sacrificing their subsidies.

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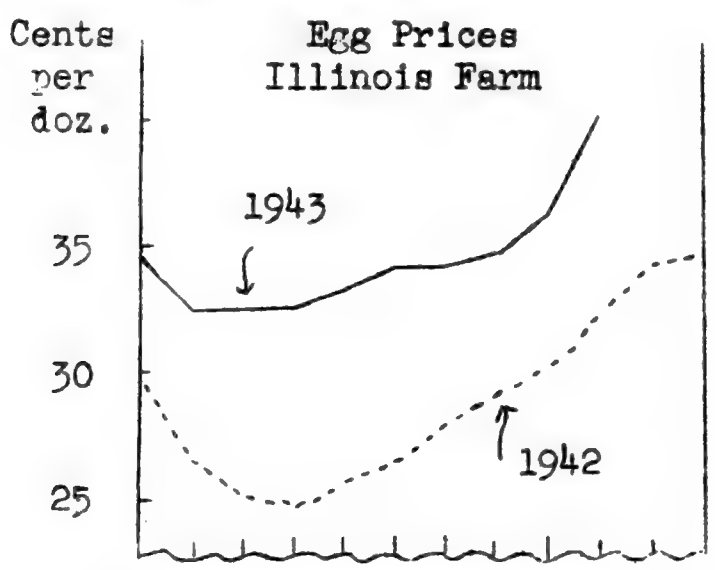
12/2/43

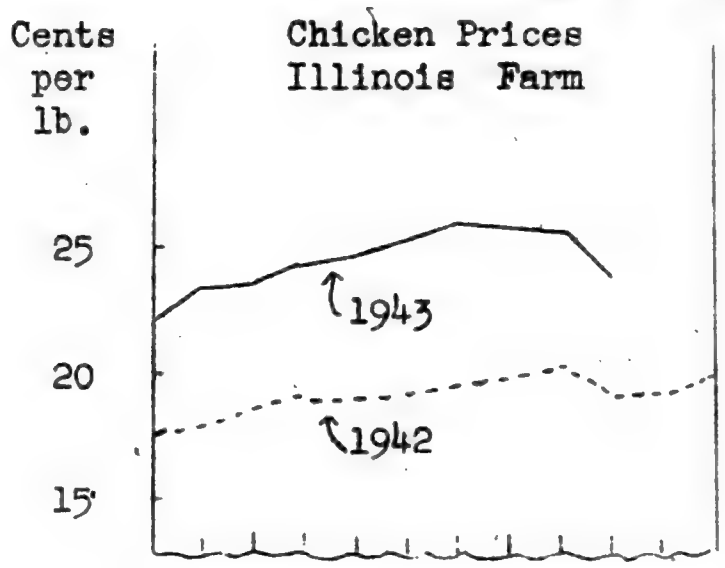
PRICES OF EGGS AND CHICKENS LESS FAVORABLE IN RELATION TO FEED PRICES THAN A YEAR AGO

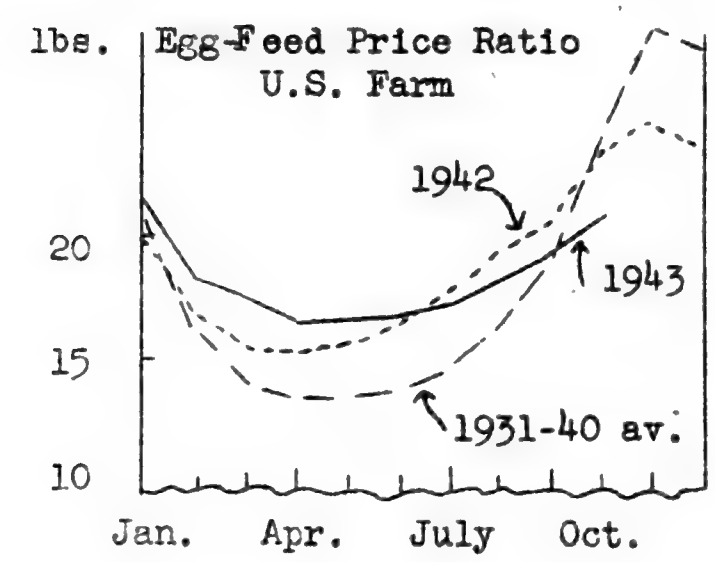
Prices of eggs and chickens continue substantially higher this fall than in 1942, but in relation to feed costs they are less favorable than a year ago (see chart below). In October the Illinois farm price of eggs averaged 40 cents per dozen compared with 32.4 cents for October 1942. Chickens averaged 23.6 cents per pound this October compared with 19.0 cents a year ago. Poultry feed costs, however, were 28 percent higher in September than a year ago. On October 15 the average cost of laying mash to poultrymen in the United States was $3.45 per hundredweight compared with $2.92 per hundredweight on October 15, 1942.

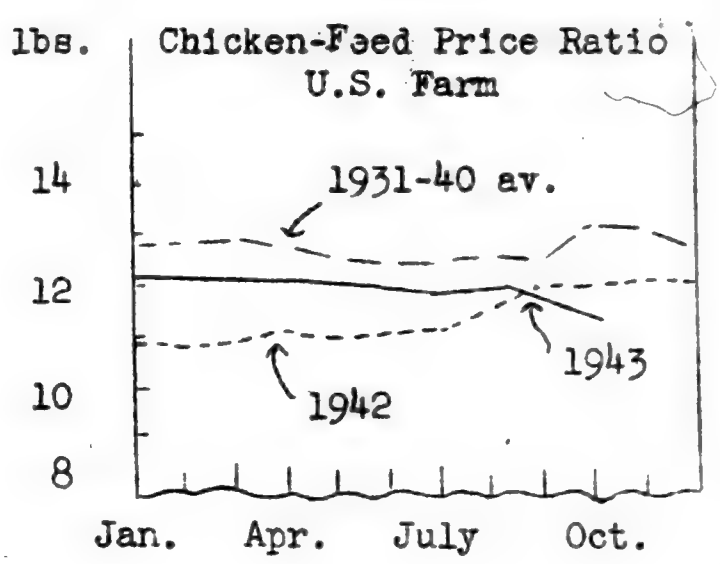
Despite less favorable feed-egg ratios, indications are that total egg production will be somewhat larger this winter than last. Egg production per hen was averaging as high early this fall as in 1942, and on October 1 there were 9 percent more laying hens on farms.

--L. F. Stice









WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared December 2)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday December 1, 1943	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ 1.68 3/8	$ 1.64 7/8	$ 1.63
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 3 white)	--	.85	.77 1/2	.78 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.424	.424		
Hogs (top price paid)	13.75	13.75		
Cattle (top price paid)	17.00	16.70		
Hog-corn ratio, Chicago, November 27	12.6	12.7		

*Ceiling prices
**Trading in corn futures is not permitted

Corn ceilings. Tuesday, November 30, Marvin Jones, War Food Administrator, and officials of the Office of Price Administration and Commodity Credit Corporation met with a group of senators to discuss corn ceilings. There was some difference in point of view among the senators, those from Iowa suggesting no change in the ceiling, one from Oklahoma and one from Indiana suggesting that there should be no ceiling, and others suggesting ceilings up to $1.28 a bushel, Chicago basis. Senator Lucas, although absent, was reported to favor $1.22 a bushel. Mr. Jones asked for a reaction to the possibility of $1.16 a bushel and said, "It will be necessary to have an adjustment upward in the corn price ceiling." He declined to indicate what the increase would be. Mr. J. B. Hutson, President of the Commodity Credit Corporation, pointed out that too high a price would liquidate livestock without putting any more corn in circulation. Corn movement in the past 12 months, according to Mr. Hutson, had been at the rate of 75 million bushels above the previous year, probably a record movement.

Man-made price regulations always cause complications unless reasonable relationships are maintained. These are difficult to maintain because of the intricate dependencies of one enterprise upon conditions of another enterprise. Adjustments can be made from time to time, but such adjustments cause hardships to some groups and often cause wind-fall profits to others. In the case of the corn price ceiling, government agencies ignored the fact that whenever prices are fixed on scarce commodities below the price users are willing to pay, price fixing must be accompanied by rationing; otherwise, the "bargain" product will be used by the first person that is able

to obtain it. In the case of corn, that was the grower. Now that corn is disappearing too rapidly for the welfare of the nation, it is necessary to conserve it by cutting down numbers of livestock and increasing efficiency of feed grain use by refraining from putting on a heavy finish.

The ceiling price on corn will be raised, but in making this adjustment upward, the government should recognize that many farmers have established their livestock enterprises on the basis of present ceilings on corn. They should not be penalized for doing something that government price policies encouraged. Therefore, support prices should be maintained on livestock at a reasonable level until producers are able to dispose of present holdings at reasonable weights and a reasonable finish. Reductions in floors on livestock or increases in feed costs should be announced in time to permit farmers to change their production plans without severe penalty.

Corn loan. Beginning December 1, Illinois farmers who met 90 percent of their war crop goals will be able to obtain corn loans equal to 85 percent of parity price of corn as of September 15. The United States parity price was $1.06 a bushel on that day. Loan rates in the corn-belt counties are based upon freight differentials from average shipping points within the area to the terminal markets to which corn would normally flow. Loans will be available through June 30, 1944, and will be due October 1, 1944, but will be callable by the Commodity Credit Corporation at any time prior to that date. Farmers are also permitted to pay off the loans at any time during the loan period, or they may voluntarily deliver the collateral to the Commodity Credit Corporation in satisfaction of loans on October 1, 1944.

Is there enough wheat? November 30 the Millers National Federation recommended to the War Food Administration that sales of Commodity-Credit-Corporation-held wheat for use as feed be discontinued immediately. They also suggested restriction on the use of wheat for the manufacture of industrial alcohol. The reason given was that wheat stocks in this country are disappearing so fast that we are unable to take care of these other demands without jeopardizing the requirements for human consumption. In the meantime, every effort is being made by the government to supplement domestic supplies of feed grains with imports of wheat, feed grains, and protein supplements from Canada, South America, and other regions.

November 29 subsidy payments on wheat ground on or after December 1 used in flour production were announced. They continue in effect in December and until further notice. The rates were determined by the difference between the market price of wheat and the price ceilings on flour. This has been one of the factors that has strengthened wheat prices during the past week.

Move to lower duties on imported grain. November 26 the House Ways and Means Committee approved a resolution to suspend for 90 days all duties on importation of wheat, oats, barley, rye, flaxseed, and hay. It was reported that this measure had the approval of the War Food Administration. Most of the imports would probably come from Canada. This is only a resolution and not a law, but in combination with other factors, especially the possibility of a ceiling on oats below current prices, it caused considerable weakness in the grain market for a few days.

Effect of war on grain prices. In looking ahead it must not be forgotten that the war may end in Europe by the middle or latter part of 1944 and that grain prices depend in a large way upon the demand for livestock and livestock products and also to some extent upon the distilling industry. The end of the war will be a signal to most farmers to reduce livestock numbers. The present efforts to reduce livestock numbers are merely to bring them down to a level comparable to our supplies of feed

grains. That would still be a very high level compared to prewar averages. A further reduction would be expected at the close of the war. Although no grain is being used for the manufacture of whiskey and very little for all alcoholic beverages, the distilling industry is operating at full capacity to manufacture industrial alcohol for war purposes. After the war, they will replenish their stocks of beverages, but operations at full capacity presumably could not be maintained for any length of time. Farmers have promises of government support for feed grain prices, but once we take care of the emergency demands after the war, we shall probably find that the demand for wheat will not provide for very high prices.

More government control of protein meal distribution. The War Food Administration is holding a hearing in Washington today, December 2, on the proposed order, effective January 1, 1944, relating to the distribution of protein meal among livestock and poultry feeders and among mixed feed manufacturers. Proposed regulations could make it possible for farmers to obtain more protein feed concentrates to mix with home-grown feeds in order to maintain the production of milk, eggs, and other livestock products, according to Marvin Jones, War Food Administrator. Principal provisions of the proposed order are: (1) Limit mixed feed manufacturers to 110 percent of the amount of protein meal which they used for that purpose during the calendar year of 1942. The amount shall not include unmixed protein meal delivered to the feeder. (2) If necessary, limit the quantity of protein meal which retailers within the area may deliver to feeders during the feeding year. (3) Limit protein meal inventories to a 30-day supply to feeders and a 15-day supply to others with some exceptions, including those who customarily buy in either carloads or less than 2,000-pound quantities and soybean and cottonseed producers making conditional sales of soybeans and cottonseeds. (4) Permit producers of soybeans and cottonseeds to make conditional agreements to obtain protein meal in exchange or sale of their oil seeds, up to the minimum feeding requirements of the producer . (5) Provide for appeals.

Cattle ceilings. Cattle price ceilings are delayed until December 15 or the first accounting period following December 15 for each individual packer. However, it should be emphasized that there are no real ceilings on cattle prices. There are ceilings on cattle carcasses and subsidies are paid packers to make up for the difference between proposed prices on cattle and the lower ceilings on carcasses. However, packers may pay higher than the so-called ceiling prices by sacrificing part or all of their subsidy, and may also pay less than $1.00 below the so-called ceiling by sacrificing their government payments in the form of subsidies.

Vegetable seed ceilings. The Office of Price Administration has established ceiling prices for 14 types of vegetable seeds, including beans, peas, beets, cabbage, carrots, cauliflower, Swiss chard, cucumbers, lettuce, mangels, onions, rutabaga, and turnips. The ceilings become effective December 4.

Dairy Defense Association. On November 30 a Dairy Defense Association organized "to defend federal legislation provided by Congress to protect consumers and producers with respect to imitation dairy products." Charles W. Holman, secretary of the National Co-operative Milk Producers' Federation, said:

"Its creation was the result of desire on the part of the entire dairy industry for some organization which could serve as a watchman and defender with respect to the numerous attempts that are being made to destroy federal laws which have been enacted by the Congress to protect the people from deceptive and fraudulent practices in the manufacture, handling, and sale of imitation dairy products."

Obviously Mr. Holman was referring to attempts to lower excise and other taxes on margarine and its manufacture. My only comment is that farmers, in years to come, will have to "hang together" or they are likely to hang separately, and we can't afford to encourage dissension between groups within agriculture. Everyone will have to be broad-minded and work for the welfare of farmers as a whole. That probably will mean doing what is best for society as a whole also.

Tire situation eased. The Office of Price Administration announced that tires made chiefly from reclaimed rubber may be bought by motorists heretofore eligible only for used tires. It also removed rationing restrictions on recapping tires for commercial vehicles with truck-type camelback.

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Week Ending 1-1-44

Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared December 30)

The support for 300-pound hogs is only temporary. The government has no desire to encourage farmers to feed their hogs to 300 pounds. We do not have the feed to justify that practice. Hogs weighing above 275 pounds should be marketed as promptly as marketing facilities permit.

The transportation system is not expected to improve during 1944. Trucks are wearing out and, in most cases, present trucks probably will be the last obtainable until the end of the war. The trucking industry is faced with other troubles, including scarcities of tires, gasoline, repair parts, and manpower.

The outlook for 1944 may be summarized briefly as follows: (1) Farm incomes will remain at a very high level. (2) Prices of farm products and subsidies to producers in lieu of higher market prices are not likely to change greatly during 1944. (3) There probably will be an acceleration of the movement which is now getting under way in industry to change over from the production of war goods to peace goods. (4) Industrial activity is expected to remain at a level approximately equal to that of 1943. (5) Rationing will have to continue, as we cannot produce enough food to supply all that civilians are willing and able to buy in addition to the increasing quantities needed for our armed forces and lend-lease. (6) The cost of living is likely to increase gradually, but indications are that we shall not have a further serious inflation of prices. (7) Farm real estate values are likely to continue upward, in spite of the fact that farmers in general are following the constructive and conservative policy of paying their debts and saving the money instead of speculating. Some city people are not so conservative.

Because of the large backlog of savings, the need to rehabilitate Europe and the deficit of residential buildings, certain types of equipment, automobiles, radios, and many types of consumer goods, the outlook for the two years following the war appears bright. During that two years farmers are also protected by the promise of government loans on most farm products, except cattle and sheep, ranging from 75 percent to 90 percent of parity. Parity prices may fall, but the loans will prevent incomes from falling greatly in terms of costs of goods farmers buy, interest and taxes.

It is doubtful if we can maintain any considerable volume of agricultural exports, but if industrial workers are kept employed at remunerative wages, the domestic demand should absorb about all the foodstuffs that we can economically produce.

The long-time outlook for agriculture is closely related to the long-time outlook for industry. Agriculture, industry, and labor are mutually dependent. They will all be affected by national policies with respect to public and private finance, foreign trade, monopoly, and whether we earnestly seek an economy of abundance or an economy of scarcity.

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WHAT ARE FEEDER PIGS WORTH?

Feeder pigs are selling at sacrifice prices in some sections of Illinois. This raises the question of the short-time outlook for hog prices. In addition to availability of feeds and labor, what are some of the facts which should be considered?

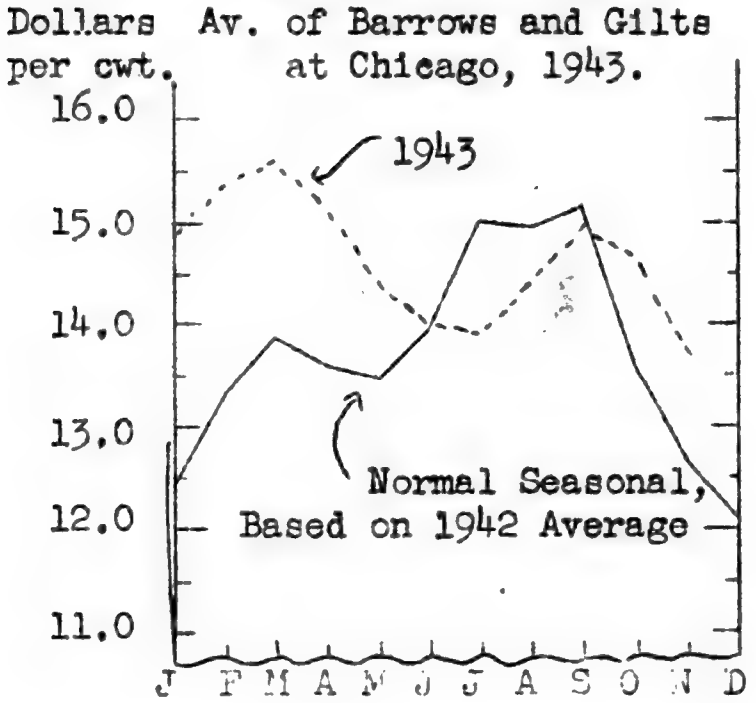
As illustrated in the charts below, marketing of hogs is normally heaviest in the winter when the bulk of the previous spring's pig crop is sold, and in the late spring and early summer when marketings of the previous fall's pig crop is heaviest. Prices decline during these periods but usually rise during the months in between. Although the range in price between the government support price of $13.75 and the ceiling price of $14.75 does not allow a normal seasonal fluctuation in hog prices, some rise in prices may be expected from the government support level. However, when the 1943 fall pig crop, now estimated at 47.8 million head, and 10 percent larger than the record 1942 fall pig crop, is marketed, slaughter will be heavy and prices may again decline to support levels.

Hogs sold in between these periods of large marketings should sell at ceiling prices. Normally, March is a month of light marketings and higher prices. Feeder pigs which can be gotten ready for market in March or early April are worth more than present hog prices indicate.

L. F. Stice

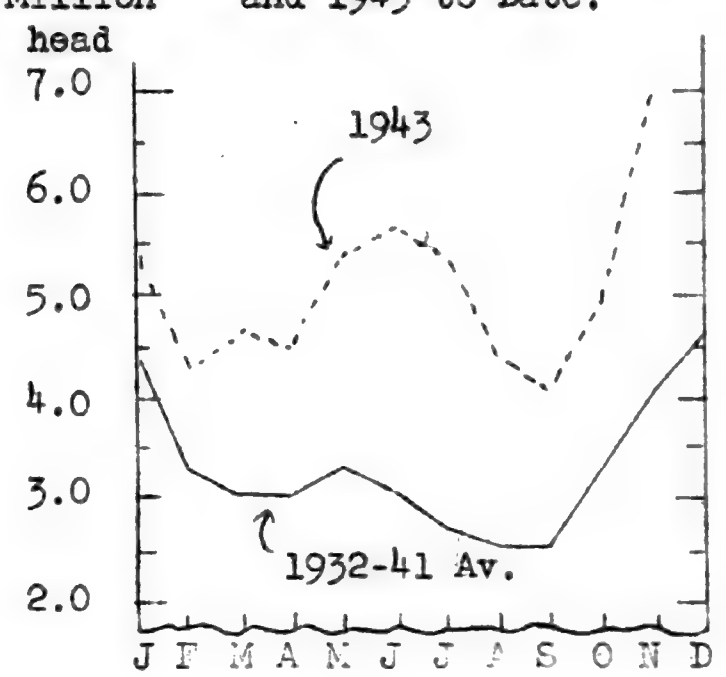
HOG PRICES

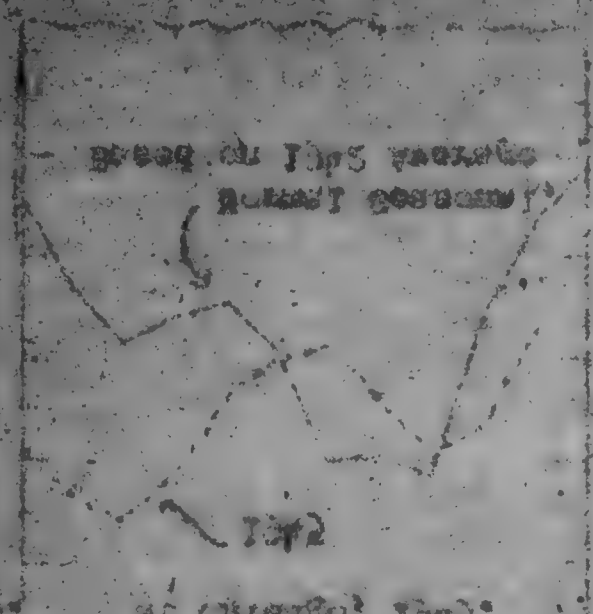
Normal Seasonal and Av. of Barrows and Gilts at Chicago, 1943.

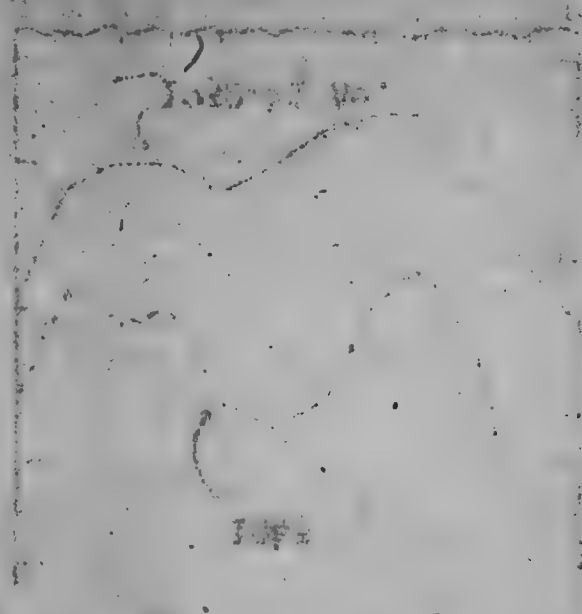


HOG SLAUGHTER

U.S. Federal Inspected, 1932-41 Av. and 1943 to Date.







WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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(Prepared December 30)

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Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday December 29, 1943	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$ 1.67 1/4	$ 1.65 7/8
Corn (No. 3 yellow)	--	--	-- **	-- **
Oats (No. 2 white)	--	.83 1/4	.77 1/2	.79
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.33-.33 1/2	.33 1/2		
Hogs (top price paid)	13.75	13.75		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, December 25	11.4	11.5		

*Ceiling prices
**Trading in corn futures is not permitted

Hogs. The hog marketing situation shows some chance of clearing up, although this may be only a temporary situation. Whenever farmers hold back their hogs so that there is no carryover on the markets, the prices of light-weight hogs improves substantially. It is probable that the worst of the market glut is over. Farmers who have held their hogs this long are not likely to be frightened into a sacrifice sale, particularly since the support weight was raised to 300 pounds. This increase from 275 to 300 pounds is only temporary to take care of an emergency situation. The government has no desire to encourage farmers to feed their hogs to 300 pounds. We do not have the feed to justify that practice. Hogs weighing above 275 pounds should be marketed as promptly as marketing facilities permit. As indicated in another section of this report, prospects for ceiling rather than support prices in March and April suggest that pigs and light weights should not be dumped indiscriminately on the market.

In the December pig crop report, the U. S. Department of Agriculture forecast a decline of 16 percent in number of sows to farrow this coming spring compared with the record 1943 number. According to investigation by Professor R. C. Ashby, of this institution, many Illinois farmers are contemplating a much greater decrease in spring farrows. Professor W. E. Carroll, Head of the Department of Animal Husbandry, suggests two suitable ways of bringing about the desired reduction in hog production: (1) For men whose conditions were not well adapted for entering swine production to abandon their effort; and (2) Some reduction on regular swine farms where the enterprise was expanded beyond the feed production of the farm or available labor, or where numbers have overcrowded either pastures or equipment assigned to the enterprise. He

further states: "Pork production in the hands of an experienced person working under favorable conditions with respect to feed, labor, pastures, and equipment is likely to continue to be profitable, and the country needs and will pay for pork production under such conditions. Efficiency of production must be the keynote."

Feed import duty off. President Roosevelt has signed a bill that lifts for three months the import duties on feed for poultry and livestock. This should help encourage importation in order to relieve the present shortage of domestic feeds. Imports will continue to be restricted, however, by a lack of transportation facilities.

A prop for egg prices. The War Food Administration announced that it would start accepting immediately offers of dried whole eggs for February delivery. This had a tendency to steady the egg market, which has taken an awful beating during the past two weeks.

Government to buy stored chickens. The War Food Administration has taken over practically all stored chickens until the armed services obtain a sufficient amount to meet their needs. The purchases will be from all storage stocks at ceiling prices, and quantities not needed will revert to the owners for sale to the general public. It will not affect marketing or storing other chickens. The armed forces have had difficulty in obtaining what they needed in spite of a permit to pay one cent a pound more for dressed chickens. It may forecast some reduction in the quantities available to domestic consumers. However, flock owners are urged to cull in January in order that their flocks may be no larger than a year earlier. If carefully culled, the flow of chickens to market is likely to continue at a reasonable rate.

More peaches, apples, raisins, and prunes released to civilians. In order to provide for the needs of the armed forces and lend-lease, the government follows the procedure of ordering processors to hold all, or a specified portion, of their output for government purchase. If the government determines that the entire amount reserved will not be needed, it will be released for sale to the public. Within the past week, the War Food Administration has released 60 million pounds of dried raisins, 82 million pounds of dried prunes and expects to release soon 750 thousand cases of canned peaches and 8½ million pounds of canned apples. Provision had been made earlier for the release of 2,600,000 cases of string beans and tomatoes, 2,400,000 cases of canned grapefruit juice, 540,000 cases of pineapple, 77,000 cases of figs, and 2,970,000 cases of canned peaches, peas, and catsup.

More household equipment. As construction of war plants has practically ceased and supplies of certain kinds of war equipment are adequate for our present needs, more metals are becoming available for use in the production of certain kinds of badly needed household equipment. Among the items scheduled for increase in 1944 are electric irons, telephones, and washing machines. We may also be able to obtain more vacuum cleaners, refrigerators, wash tubs, buckets, and alarm clocks. The clock manufacturers are engaged in the production of fuses for shells and bombs and will not be permitted to convert to civilian production as long as their services are needed for war production.

Transportation problem serious. The transportation system is not expected to improve during 1944. The railroads operated at capacity in 1943 and have not been able to add much new equipment. They have done a fine job, but the load continues to get heavier. Automobiles and tires are wearing out, and there is no prospect that they will be replaced with new ones in 1944. Probably the most serious situation confronting us is in connection with transportation by trucks. The volume of freight carried

by trucks has increased; trucks are wearing out and replacements and repair parts are difficult or impossible to obtain. Production of 123,000 commercial vehicle units has been approved for 1944, but only 80,000 will be for civilian use. That will be less than one-fifth of the normal prewar replacement production of 450,000 vehicles annually, according to the Office of Defense Transportation. In most cases, present trucks probably will be the last obtainable until the end of the war. The trucking industry is also faced with other troubles, including scarcities of tires, gasoline, repair parts, and manpower.

Looking ahead--1944. The outlook for 1944 may be summarized briefly as follows: (1) Farm incomes will remain at a very high level. That will be true for income from sales of livestock regardless of crop conditions. (2) Prices of farm products and subsidies to producers in lieu of higher market prices are not likely to change greatly during 1944 unless there is a wide-spread drouth. In that case, prices might be permitted to rise to provide a reasonable income to farmers. (3) There probably will be an acceleration of the movement which is now getting under way in industry to change over from the production of war goods to peace goods. Inasmuch as the war in Europe probably will continue six months if not longer, no great reduction in consumer purchasing power is anticipated. The war in the Pacific is expected to last beyond 1944. The war effort will shift somewhat but not relax greatly until both wars are won. (4) Industrial activity is expected to remain at a level approximately equal to that of 1943. That will mean that consumers will have plenty of money to pay for all the foodstuffs available. (5) Rationing will have to continue, as we cannot produce enough food to supply all that civilians are willing and able to buy in addition to the increasing quantities needed for our armed forces and lend-lease. (6) The cost of living is likely to increase gradually, but indications are that we shall not have a further serious inflation of prices. (7) Farm real estate values are likely to continue upward, in spite of the fact that farmers in general are following the constructive and conservative policy of paying their debts and saving the money instead of speculating. Some city people are not so conservative.

After 1944. Because of the large backlog of savings, the need to rehabilitate Europe, and the deficit of residential buildings, certain types of equipment, automobiles, radios, and many types of consumer goods, the outlook for the two years following the war appears bright. During that two years farmers are also protected by the promise of government loans on most farm products, except cattle and sheep, ranging from 75 percent to 90 percent of parity. Parity prices may fall, but the loans will prevent incomes from falling greatly in terms of costs of goods farmers buy, interest and taxes.

It is doubtful if we can maintain any considerable volume of agricultural exports, but if industrial workers are kept employed at remunerative wages, the domestic demand should absorb about all the foodstuffs that we can economically produce.

The long-time outlook for agriculture is closely related to the long-time outlook for industry. Agriculture, industry, and labor are mutually dependent. They will all be affected by national policies with respect to public and private finance, foreign trade, monopoly, and whether we earnestly seek an economy of abundance or an economy of scarcity. A discussion of these factors is beyond the scope of this review.

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GLJ:rw
12/30/43

Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared January 6)

The congestion in the hog trade exceeds all previous records. Heavy discounts continue to be taken on light weights. Most good 140-to 160-pound hogs sold at $10.60 to $11.85. Soldiers from Fort Sheridan were brought into Chicago packing plants and cold storage houses to help handle the huge meat supply. The soldiers were given work furloughs and were paid at prevailing wage scales.

For the week ending December 18, the Food Distribution Administration continued the heavy purchases of meat products. Purchases of frozen beef jumped to more than 3 million pounds; frozen veal, 1.4 million pounds; frozen mutton, 2.7 million pounds; lard and refined pork fat, 44.9 million pounds; canned pork products, 10.9 million pounds; hog sides, 4.4 million pounds; pork loin, 3.7 million pounds; and cured pork products, 22.7 million pounds.

Ceilings were placed on hard wheat for the first time Tuesday, January 4. At the same time maximum prices for soft wheat were raised. The new ceilings on hard wheat will reflect 100 percent of parity and are effective immediately. The basic formula prices, exclusive of commission man's charge, are $1.71 3/8 at Chicago and St. Louis for soft wheat, $1.71 3/8 at Chicago for hard wheat; and $1.68 7/8 at St. Louis for hard wheat.

The trade reports that county shippers have sold a very substantial amount of corn in the past few days, although they have not been able to ship all this corn to market. It is anticipated that as soon as the moisture content of corn declines to 20 percent or less the farmers will market corn rather freely. The government announced the purchase of 100 million bushels of wheat for feed from Canada. However, the supply of all feed grains per animal unit is so much below last year that there should be no serious danger of corn prices declining below the ceiling level.

In spite of the fact that there are enormous stocks of wool in storage in the United States, and the fact that government orders for goods specifying the use of domestic wools have slowed down somewhat, it is anticipated that the price of wool this spring will be sustained by purchases for government account at the same level as last year. Domestic mills are consuming as much wool as their capacity permits, and many of them will find an increase in the domestic demand for woolen goods at the close of the war. However, world stocks of wool are large, and we may find the urge to liquidate these stocks so great that the price will decline after the war in spite of the anticipated heavy domestic demand for woolen goods.

The Department of Commerce announced that the total value of exports from the United States during the 1943 calendar year will be the largest ever recorded in the country's history. Exports for the first 11 months were in excess of 11 billion dollars. That was 59 percent above the corresponding 11 months total for 1942.

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EGG PRICES WILL NOT PAY FOR KEEP OF LOW-PRODUCING HENS

Cost studies show that the egg prices which will probably prevail this year will not pay for the cost of keeping hens on Illinois farms unless they have the general characteristics of good layers and are fed a good poultry ration. Under feed and egg price relationships that existed from 1932 through 1937 when the farm price of corn averaged 70 cents a bushel and eggs sold by the farmer averaged 20 cents a dozen, a hen that did not lay at least 110 eggs during the year was not paying for her keep. Under relationships that exist at present between the prices of farm grains and eggs, a hen must lay at least 128 eggs a year to pay her way.

It is possible from cost studies extending over a six-year period just before the war to compute the cost of keeping laying hens and producing their replacement stock in north central Illinois. If one assumes that two-thirds of the old hens are replaced by pullets raised on the farm, then the cost of keeping a flock of 200 laying hens and producing their replacement stock may be computed by inserting local feed prices and hourly labor wages in the following formula. (As an illustration we have assumed $1.07 a bushel for corn; oats, 80 cents; mixed mash, $4.00 a cwt.; mill feeds, $2.75; protein supplement, $4.00; and mineral and grit, $1.00 a cwt. Labor was figured at 40 cents an hour.)

For 200 Hens and Replacement Stock	(lbs.)	(At assumed prices)
Corn	13,000	$248.39
Oats	3,4[illegible]	85.00
Mixed mash	975	39.00
Mill feeds	590	16.22
Protein supplement	1,400	56.00
Mineral and grit	300	3.00
Labor	530 hours	212.00
Total		$659.61
Add 10 percent of the above total to cover other costs		65.96
Cost of keeping 200 hens one year and producing their replacement stock		$725.57

If eggs brought the current government support price of 34 cents, yearly average, a hen would have to lay 128 eggs to meet the above costs. For each 5-cent increase in egg prices, hens would pay costs with about 15 fewer eggs.

R. H. Wilcox

1/6/44

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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College of Agriculture

(Prepared January 6)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday January 5, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$ 1.71 3/8	$ 1.67 1/4
Corn (No. 3 yellow)	--	--	-- **	-- **
Oats (No. 2 white)	--	--	.79 3/8	.77 1/2
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.33	.33-.33 1/2		
Hogs (top price paid)	13.75	13.75		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, January 1	11.6	11.4		

*Ceiling prices
**Trading in corn futures is not permitted

Hogs continue to flood markets. The congestion in the hog trade exceeds all previous records. Tuesday there were about 2,200 unsold at Chicago. Under these circumstances, heavy discounts continue to be taken on light weights. Most good 140- to 160-pound hogs sold at $10.60 to $11.85. On the other hand heavy weights ranging from 325 to 375 pounds sold at $12.65 to $13.00. Even 425- to 500-pound smooth sows sold at $12 to $12.15, considerably above the price paid for light weights. Soldiers from Fort Sheridan were brought into Chicago packing plants and cold storage houses to help handle the huge meat supply. The soldiers were given work furloughs and were paid at prevailing wage scales.

The government has announced that the hog support price, as recently adjusted for the various markets, will continue until further notice. No change has been made recently in the support prices at Chicago, Indianapolis, or East St. Louis. They were raised at Louisville and lowered in some western markets during the past week.

Eggs. The egg market has suffered from heavy receipts and a temporary withdrawal of government purchases. The situation has been partially corrected by the re-entry of the government into the market for the purchase of eggs for drying. This does not mean that eggs will reach the ceiling level during the coming weeks, although that could be a possibility. The drop in egg prices illustrates how inelastic the

demand for certain products is. For a number of products, our eating habits are so firmly established on a quantity basis that we do not make rapid shifts to take advantage of certain changes in prices. Under such circumstances sudden changes in the quantities of perishables forced on the market result in substantial changes in prices. It is expected that the price that the government has offered to pay for eggs for February delivery will prevent the price of fresh eggs from going much below a range of 32 to 35 cents at the farm. This would compare with the government's promise to support egg prices at 30 cents during the spring months and at 34 cents for the average for the year for the country. This 34-cent guarantee does not apply to any particular place.

Heavy government purchases of meat. For the week ending December 18, the Food Distribution Administration continued the heavy purchases of meat products. Purchases of frozen beef jumped to more than 3 million pounds: frozen veal, 1.4 million pounds; frozen mutton, 2.7 million pounds; lard and refined pork fat, 44.9 million pounds; canned pork products, 10.9 million pounds; hog sides, 4.4 million pounds pork loin, 3.7 million pounds; and cured pork products, 22.7 million pounds. In addition there were substantial purchases of miscellaneous meat products.

In spite of the extremely heavy slaughter of livestock, particularly hogs, during recent weeks, the War Food Administration indicates that on the basis of their checkups which are made three times a month, there was no evidence of anything more than normal spoilage. Apparently the recent efforts to clear cold storage warehouse space of miscellaneous items in order to take care of heavy meat receipts were effective.

Hard wheat ceilings set at parity. Ceilings were placed on hard wheat for the first time Tuesday, January 4. At the same time maximum prices for soft wheat were raised. The new ceilings on hard wheat will reflect 100 percent of parity and are effective immediately. They do not take into consideration payments made to growers under the soil conservation and domestic allotment act or other government subsidies to farmers. The soft wheat ceiling was raised from $1.66 to $1.72 7/8 a bushel for No. 1 red wheat at Chicago and St. Louis. The price of $1.72 7/8 includes the usual commissionman's charge of 1½ cents a bushel. The ceilings on hard and soft wheat are identical at Chicago, but there is a 2½-cent premium for soft wheat at St. Louis and East St. Louis. The basic formula prices exclusive of commissionman's charge, are $1.71 3/8 at Chicago and St. Louis for soft wheat, $1.71 3/8 at Chicago for hard wheat, and $1.68 7/8 at St. Louis for hard wheat.

Ceiling prices on wheat sold on track at interior and country points in the principal producing areas are based on formula prices for terminal and subterminal markets with specified deductions set forth in the regulations. Specific ceiling prices for wheat futures were not established by the OPA. Almost all such maximums were left to the various exchanges. Each acted in accordance with the rules and provisions of the regulations. Wheat futures closed on the Chicago Board of Trade Tuesday at from 1 3/4 to 3 3/4 cents below the maximum price set for wheat futures by the officials of the Chicago Board of Trade, but rose to ceiling levels Wednesday. Heavy county selling of cash wheat in both the northwestern and southwestern territory has been reported in the past few days. There would seem to be no incentive to hold wheat for future price raises if ceiling prices can be obtained.

More corn sold. The trade reports that county shippers have sold a very substantial amount of corn in the past few days, although they have not been able to ship all this corn to market. In some places there has been some difficulty in getting cars for shipment, but with the recent price decline for hogs and eggs farmers are more inclined to sell corn. It is anticipated that as soon as the moisture content of corn declines to 20 percent or less, the farmers will market corn rather freely. The government announced the purchase of 100 million bushels of wheat for feed from Canada this week. However, the supply of all feed grains per animal unit is so much below last year that there should be no serious danger of corn prices declining below the ceiling level.

Oilmeal. The amounts of soybean meal, cottonseed meal, and peanut meal to be set aside for government distribution in February will be 20 percent of production the same as January. Protein meals continue in tight supply in spite of the fact that production of oilseeds was large and processing operations are at capacity. The December government crop report reduced the estimate about 10 million bushels, down to 195,762 thousand bushels. That is 5 percent larger than the revised estimate for the 1942 crop of 187,155 thousand. Of the acreage harvested for beans this year 2½ percent or approximately 300 thousand acres were cut ripe to feed unthrashed. This represented a prospective disappearance of approximately 4 million bushels of mature beans according to the crop report.

Wool. In spite of the fact that there are enormous stocks of wool in storage in the United States, and the fact that government orders for goods specifying the use of domestic wools have slowed down somewhat, it is anticipated that the price of wool this spring will be sustained by purchases for government account at the same level as last year. Foreign wool is about 15 to 20 percent cheaper than domestic wool. Imports were large and the imported wool is used freely so that at the present time there is a relatively small quantity of foreign wool in the hands of dealers. However, it is reported that considerable quantities are en route and supplies are expected to be ample in the near future. The agitation for the release by the government of 330 million pounds of the foreign stocks has tended to slow up foreign buying. Domestic mills are consuming as much wool as their capacity permits, and many of them will find an increase in the domestic demand for woolen goods at the close of the war. However, world stocks of wool are large, and we may find the urge to liquidate these stocks so great that the price will decline after the war in spite of the anticipated heavy domestic demand for woolen goods.

The vegetable seed situation. The government is asking for a substantial increase in victory gardens in 1944 and has urged us to purchase our vegetable seeds early. According to an article by J. W. Robson in the December "Illinois Fruit Exchange News," there are shortages of several types of seeds but a plentiful supply of others. There will be a short supply of cabbage and beet seeds and possibly of tomato seeds. The supply of hybrid sweet corn seed appears to be adequate, but the old open-pollinated varieties are scarce. There will be limited supplies of seed of Swiss chard, eggplant, kohlrabi, kale, parsnips, peppers, turnips, and rutabagas. We have plenty of seed of spinach, carrots, most varieties of peas, beans and lima beans.

Presumably Mr. Robson made comparisons of available supplies with quantities needed for the increased production requested.

The government reports supplies of 22 kinds of vegetable seeds as being 15 percent greater than in 1942. Each grower should order what he needs but no more.

Exports at record high. The Department of Commerce announced that the total value of exports from the United States during the 1943 calendar year will be the largest ever recorded in the country's history. Exports for the first 11 months were in excess of 11 billion dollars. That included lend-lease shipments to the united nations but excluded shipments to the United States armed forces abroad. The 11-month total in 1943 was 59 percent above the corresponding 11-months total for 1942.

Government releasing commodities. Hoarding of foodstuffs resulting from the fear of future scarcities of commodities is probably at an end. The successes in the European phase of the war have led to optimism regarding the duration of the war. At the same time the government finds that it has accumulated excessive supplies of some commodities in light of present circumstances. Arrangements are being made, or will be made, to relieve government holdings of many staples, including wool, textile minerals, and metals, as well as foods. Imports have also expanded as shipping space has become available in the ships returning from transporting men and war materials to almost every section of the world. There was a great increase in our imports of sugar in 1943; cocoa imports exceeded 4 million bags as compared to 1.6 million bags for 1942; even so, the supply may be short until the new crop becomes available in mid-summer. If shipping space permits, civilians are expected to receive 76 million pounds of tea in 1944, or about 16 million pounds more than they received in 1943, according to the War Food Administration. In addition, the armed forces and war services will receive more than 14 million pounds of tea this year. The release of metals has made possible the manufacture for domestic purposes of a number of items badly needed by civilians. A new item released during the current week from any restrictions on manufacture was razor blades and straight razors.

The shifts to the manufacture of goods for civilian consumption that are taking place before the war ends will make the transition easier after the war. Manufacturers have been warned that the time is near for reconversion. It is hoped that this reconversion can take place gradually and absorb laborers that will be released by war industries and also absorb a fraction of the discharged service men who will be returning to civil life in rather large numbers in 1944.

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1/6/44

Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared January 27)

The $13.75 hog support price now applies to weights up to 330 pounds.

The support price for 1944 crop soybeans has been announced as $1.94 for No. 2 yellow beans of high oil content. In other words, the support price is 14 cents a bushel higher than last year. There will be premiums and discounts for No. 1 and off-grade beans. The whole project, however, is tied up with and dependent upon the extension of the life of the Commodity Credit Corporation and its finances and powers. This still leaves soybeans at a slight disadvantage when compared to corn in north-central Illinois on the basis of our cost of production figures.

The War Food Administration announced egg support prices at Chicago for three periods as follows:

Grade and size U. S. commercial grades	Jan. 16 to 29	Jan. 30 to Feb. 12	Feb. 13 to March 4
A, large	39.9¢	38.4¢	39.6¢
A, medium	32.9	32.4	32.4
B, large	36.9	35.4	34.4
B, medium	29.9	29.4	29.4

Comparable prices were announced for other wholesale grades. Poultrymen will be interested in the wide spread between the prices of the highest and lowest grades.

The strength of wheat prices during the past week was attributed partly to increased purchases of flour by the Army for overseas use. Another factor may have been the consideration of a renewal of the subsidy on flour to Cuba.

The following table indicates percentage changes in cold storage holdings for the 12 months ending January 1, 1944:

Fresh apples	-33 percent	Butter	+517 percent	Beef	+78 percent
Frozen fruits	+21 percent	Cheese	+ 34 percent	Pork	+ 4 percent
Frozen vegetables	+80 percent	Eggs	+ 36 percent	Total meats	+23 percent
		Frozen poultry	+ 20 percent	Lard	+75 percent

The figures pertaining to butter and cheese are somewhat deceiving because they include government-owned stocks. The amount of pork in storage is very little larger than a year ago and almost the same as the 1939-43 average on January 1. The storage situation has not been the principal item contributing to flooded hog markets. The limitations on slaughtering capacity have been much more important.

Milk consumption is now at record high levels. It must not increase if an adequate supply of manufactured milk products is to be reached. The goal is to increase the number of milk cows by 2 percent and to increase production per cow by 50 pounds. However, the present trend is toward slightly less production than last year.

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1-27-44

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COST OF HOLDING HOGS

In the interest of feed conservation, hogs should be marketed at about 230 pounds weight, but congestion in hog markets is causing farmers to hold them to heavier weights. Will the additional gain in weights pay for costs of holding these hogs?

The experimental data in the table below show that the quantity of feed required per pound of gain increases from 4.2 pounds for 180- to 200-pound hogs, to five pounds for 280- to 300-pound hogs. Using present feed prices and with a hog ration of 90 percent corn and 10 percent protein supplement, the cost of gain is 1.3 cents per pound more on the 280- to 300-pound hogs than on 220- to 240-pound hogs. Thus the feed cost of the 60-pound gain would be $6.04 with protein supplement at $80 per ton and corn at $1.07 per bushel, or $6.95 if corn costs $1.25 per bushel. At $13.75 per hundred, the value of this 60-pound gain would be $8.25.

Although feed costs on Illinois farms may vary one way or another from these experimental data, the relationship between costs of gains at different weights should hold. These data suggest that farmers in surplus corn areas cannot afford to take price discounts nor excessive shrinkage on medium weight hogs at temporarily congested markets in preference to holding them to heavier weights. Neither should hogs be fed to 280 to 300 pounds if they can be marketed at support prices.

Feed Requirements and Costs of Gains for Hogs at Various Weights

Feed requirements	180-200 lb.	220-240 lb.	280-300 lb.
Feed required to make 20 lb. of gain	83.5 lb.	89.6 lb.	99.8 lb.
Feed per pound gain	4.2 lb.	4.5 lb.	5.0 lb.
Cost of feed per pound gain:			
(90% corn; 10% protein)			
(a) Protein supplement at $80.00 ton Corn at $1.07 bu.	8.7 cts.	9.0 cts.	10.3 cts.
(b) Protein supplement at $80.00 ton Corn at $1.25 bu.	10.0 cts.	10.7 cts	12.0 cts.

--L. F. Stice

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
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(Prepared January 27)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday January 26, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$ 1.71	$ 1.69¼
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 2 mixed)	--	.83¼	.77 3/4	.78 1/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.34	.34		
Hogs (top price paid)	13.75	13.75		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, January 22	11.4	11.4		

*Ceiling prices
**Trading in corn futures is not permitted

New soybean price $1.94. The support price for 1944 crop soybeans has been announced as $1.94 for No. 2 yellow beans of high oil content. In other words, the support price is 14 cents a bushel higher than last year. There will be premiums and discounts for No. 1 and off-grade beans. The whole project, however, is tied up with and dependent upon the extension of the life of the Commodity Credit Corporation and its finances and powers. At the present time, the effort to extend the life of the Commodity Credit Corporation is tied up with the subsidy fight. It is expected, however, that there will be some sort of a compromise on the subsidy matter and that the Commodity Credit Corporation will be given the funds and permission to support prices of agricultural products greatly needed in the war effort. If weather conditions are as favorable for growth and harvesting as they were in 1943, farmers in this area should be able to get approximately $2 a bushel for No. 1 beans, compared to about $1.09 for corn. This still leaves soybeans at a slight disadvantage on the basis of our cost of production figures. However, soybeans do provide some drouth insurance compared with corn, and farmers have responded freely to specified war needs. It is probable, therefore, that we shall come near reaching the soybean goal for 1944.

Eggs. The egg situation has improved somewhat. The War Food Administration Tuesday confirmed an earlier report that it had instituted a carlot egg-buying program to be nation-wide as a feature of the promised egg support program for 1944. It is also expected that the export business should be good throughout the year as a result of the liberation of Nazi-subjugated countries. The October future in eggs showed more strength than current cash prices.

The War Food Administration announced egg support prices at Chicago for three periods as follows:

Grade and size U. S. commercial grades	Jan. 16 to 29	Jan. 30 to Feb. 12	Feb. 13 to March 4
A, large	39.9¢	38.4¢	39.6¢
A, medium	32.9	32.4	32.4
B, large	36.9	35.4	34.4
B, medium	29.9	29.4	29.4

Comparable prices were announced for other wholesale grades. Poultrymen will be interested in the wide spread between the prices of the highest and lowest grades.

Egg production and use. The great variation that existed between the prewar 1935-39 average and 1943 figures in production and use of eggs is portrayed in the following table:

Egg Production and Uses for United States, Five-Year Average and 1943

Item	1943 (tentative)	1935-39
Total production (cases)	165,000,000	111,000,000
Civilian supplies (cases)	123,000,000	108,000,000
Government dried (cases)	24,000,000	0
Government shell (cases)	10,000,000	0
Hatching and net export (cases)	7,000,000	3,500,000
Civilian per capita consumption	346	300

Wheat. The strength of wheat prices during the past week was attributed partly to increased purchases of flour by the Army for overseas use. It is reported that there has been extensive destruction of flour mills and milling machinery in southern Europe. This would lead to increased demands for flour instead of wheat in the areas which we are able to liberate. Another factor may have been the consideration of a renewal of the subsidy on flour to Cuba. Cuba is a good customer for several United States agricultural products, including flour. One of the factors involved in our sugar purchase agreement with Cuba was the stabilization of flour prices in Cuba. It seems that it is necessary for us to subsidize the exports of flour in order to keep them down to the former level in Cuba in order to be able to buy sugar at present favorable prices. Another item, of course, is the matter of competition with other wheat-exporting countries.

The railroads continue to comply with the government's request that 200 cars a day be made available for the shipment of wheat from Canada to the United States for feed purposes. The milling industry recommended a reduction or an elimination of the government's feed wheat sales as a means of making transportation facilities available for the shipment of domestic wheat and flour. Because of the tight feed situation in this country, we shall probably continue to sell wheat for feed as long as we can import it from Canada at present prices. No duty is paid on this feed wheat at present.

Cold storage holdings January 1. The following table indicates percentage changes in cold storage holdings for the 12 months ending January 1, 1944:

Fresh apples	-33 percent	Cheese	+34 percent	Pork	+ 4 percent
Frozen fruits	+21 percent	Eggs	+36 percent	Total meats	+23 percent
Frozen vegetables	+80 percent	Frozen poultry	+20 percent	Lard	+75 percent
Butter	+517 percent	Beef	+78 percent		

The figures pertaining to butter and cheese are somewhat deceiving because they include government-owned stocks. For example, out of total creamery butter holdings of 154 million pounds, 79 million pounds were held by the Dairy Products Marketing Association and 19 million pounds by the Food Distribution Administration. Likewise, of the 175 million pounds of cheese in storage, 53 million pounds were held by the DPMA and 36 million pounds by the FDA. The increase in the amount of frozen vegetables on hand doubtless counts for the fact that points were removed on most of these items. You have heard considerable about the difficulties involved in hog marketing, but the amount of pork in storage is very little larger than a year ago and almost the same as the 1939-43 average on January 1. There is, however, a very large supply of beef in cold storage.

The War Food Administration is taking steps to increase frozen meat storage stocks during the current heavy production season in order to take care of a possible period of scarcity this coming spring and summer. Steps have been taken to make available enough additional freezer space to store one-half billion pounds of meat. The War Food Administration hopes to see a further increase in storage stocks as of February 1. This would indicate that the storage situation has not been the principal item contributing to flooded hog markets. The limitations on slaughtering capacity have been much more important.

Milk and cream consumption. Three government agencies recently completed a survey of fluid milk and cream consumption. They point out that the consumption is now at the highest level in history, and that it will have to be kept within present limits if an adequate supply of manufactured milk products is to be reached. They emphasized that the possibility of maintaining or increasing milk production is tied up with the feed supply situation. The feed supply for each animal is not quite so large as last year but about the average of prewar years. The distribution of available feed supplies is a serious problem. Government agencies, manufacturers, dealers, and farmers are attempting to work out this distribution so that drouth areas and usual feed-deficit areas can receive enough to maintain their output of livestock and livestock products. The goal is to increase the number of milk cows by 2 percent and to increase production per cow by 50 pounds. However, the present trend is toward slightly less production than last year.

Let's check on the weather. The Weather Bureau contends that long-range weather forecasting has not reached a stage where it is reliable. Four or five days ahead is about as far as the Weather Bureau will venture at the present time. However a newspaper reports that Robert D. Edwards, who teaches the science of aerology at Colgate University's Naval Preflight School, has done some long-range forecasting in which you may be interested if you keep in mind the present limitation in that field. He expects some exceptionally mild weather from January 31 to March 15, nothing unusual from then until June 5, when we are likely to have a week of unseasonal heat. The winter of 1944-45 is expected to be an unpleasant one, rivaling that of 1933-34, when we had some uncommonly cold weather in this part of the country. Following that there may be a severe drouth in 1945, according to Mr. Edwards.

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Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(February 10, 1944)

The temporary price ceiling controls over oats, barley, and grain sorghums have been extended at the same level. However, Mr. Fred M. Vinson, director of economic stabilization, has directed the Office of Price Administration to prepare a revision which will reduce these prices to parity.

To help them dispose of their wheat, the Commodity Credit Corporation announced that it would buy wheat from farmers at a fraction of a cent under ceiling prices so long as metal storage bins were available.

Congested hog markets are the rule, and there is no sign of a letup. For the month of January, receipts of saleable hogs at 12 public markets were 91 percent larger than in January 1943. For the week ending February 5, they were up 118 percent. The average weight of barrows and gilts at Chicago in January was 242 pounds compared to 245 pounds a year earlier. This year they brought $13.51 compared to $14.85 last year.

Cattle receipts for January were 27 percent higher than a year earlier at these 12 markets. Calf receipts are beginning to show phenomenonal increases also. For January, they were up 37 percent compared to January 1943. The confidence of livestock men in the outlook has weakened considerably. Inasmuch as the cattle man has little protection as far as government supports are concerned, this attitude can be well understood, particularly in light of the optimistic statements we have heard concerning the possibility of terminating the European phase of the war in 1944. Before extending livestock liquidation too far, farmers should remember that the war is not over and may not be over as soon as we might hope and that the demand for meat and animal products will probably remain at a very high level for some time after the war is over.

For the year 1944 total consumption of protein meal by mixed feed manufacturers must not exceed the average quantity used during the calendar years of 1942 and 1943.

The War Food Administration announced the continuation of dairy production payments up to February 17 at the same basic rate as those in effect for January. If the Congress continues the Commodity Credit Corporation without limitations preventing dairy production payments, it is expected that the rates for the remainder of February and for March and April will be adjusted to take into account increases in feed and other costs since the original rates were established last October. However, as pastures become available and more productive, the general dairy payments will probably be adjusted to a seasonally lower rate followed by seasonally higher rates next fall and winter.

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2-10-44

A BIRD'S-EYE VIEW OF OUR LIVESTOCK-FEED SITUATION

A brief explanation of the over-all livestock feed situation for the United States is that "livestock production has outrun feed supplies."

As illustrated in Fig. 1 below, the production of feed grains and hay for the five years from 1937 to 1942 was higher than livestock production. This allowed farmers to increase the production of meat animals by 57 percent from 1939 to 1943. In 1943 the picture changed. Meat animal production continued to increase, averaging 14 percent higher than in 1942, but grain and hay production declined by 13 percent.

The net result is that on a per animal unit basis the prospective supply of all feed concentrates for 1944, excluding hay but including feed wheat, is less than the disappearance in 1943. Total supplies, when feed wheat is included, are not much different, but it is estimated that there are 10 percent more livestock on hand January 1, 1944, than in the previous year.

It has been suggested by national authorities that the rate of livestock feeding be reduced to the 1940-41 level, which was .89 ton per animal unit. In 1943 the disappearance was .96 ton per animal unit, while the 1937-41 average is .87 ton. Some adjustments are obviously necessary and are being made, but farmers could go too far in their reduction of livestock numbers and feeding operations.

L. F. Stice

Fig. 1.--Production of Meat Animals and of Feed Grains and Hay U.S., (1910-14 = 100)

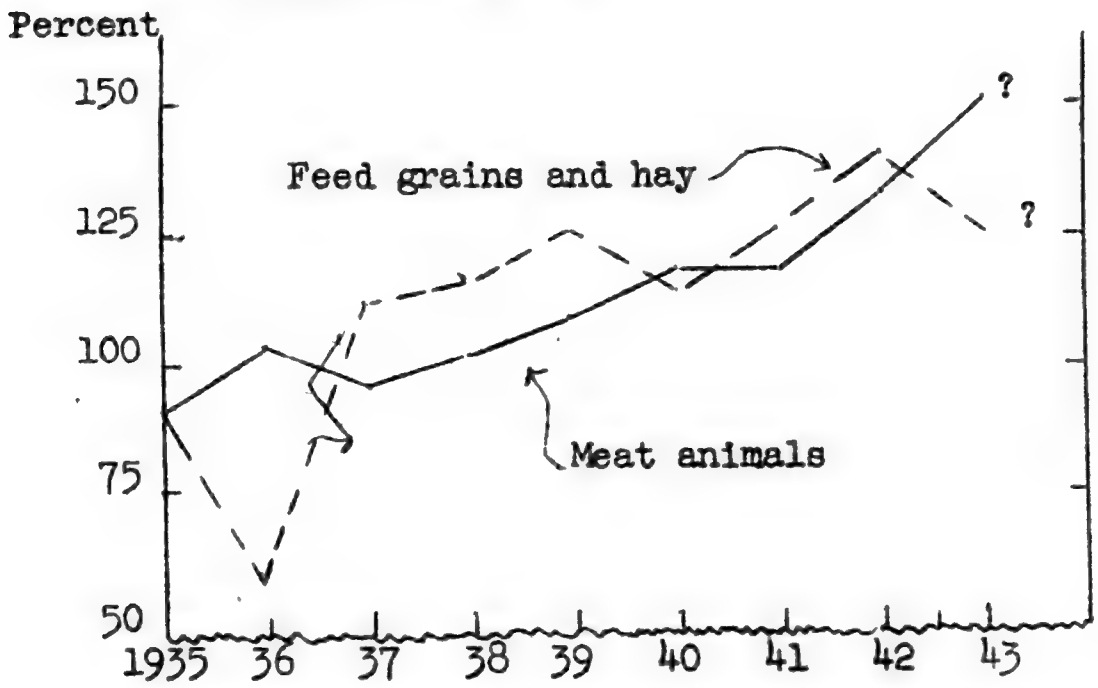
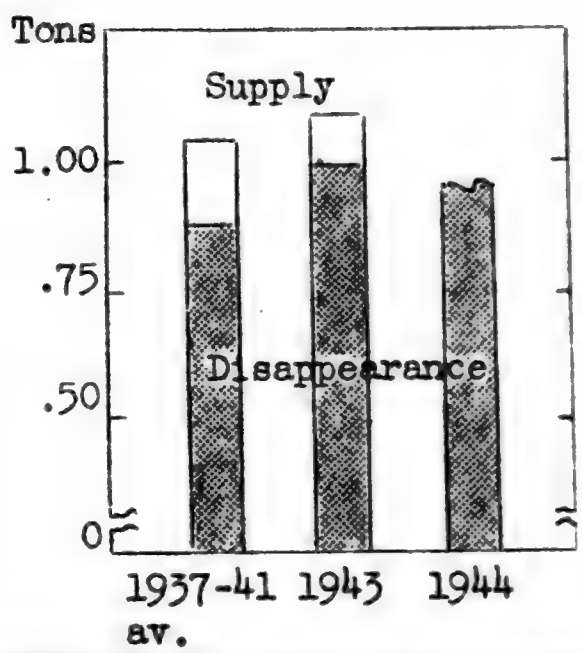
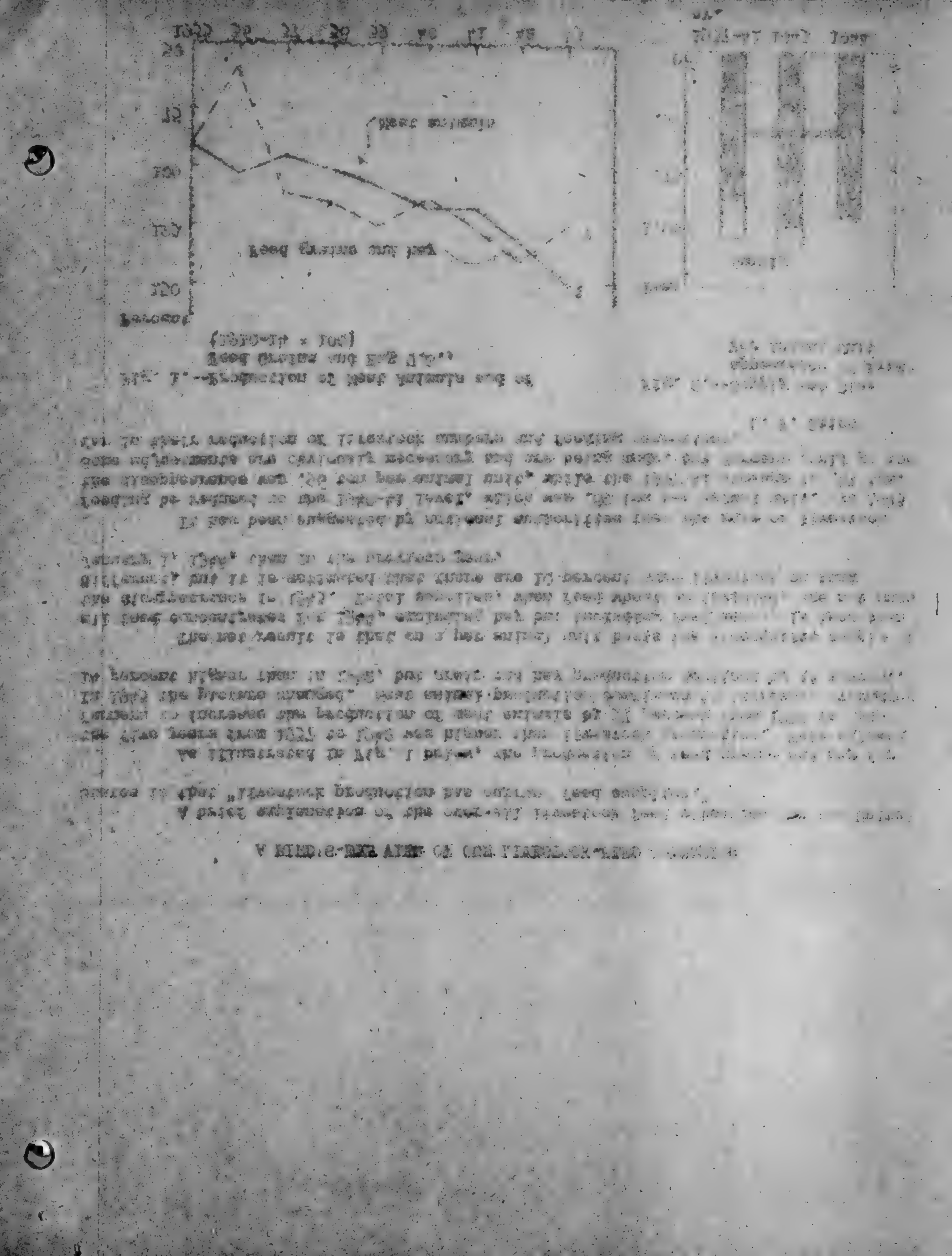


Fig. 2.--Supply and Disappearance of Feeds Per Animal Unit





WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
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University of Illinois
College of Agriculture

(Prepared February 10)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures	
	Wednesday February 9, 1944	Week ago	(close) Wednesday	Week ago
Wheat (No. 2 hard red winter)	$ --	$ --	$ 1.70 3/4	$ 1.70 3/8
Corn (No. 3 yellow)	--	1.14 3/4	--**	--**
Oats (No. 2 mixed)	--	--	.79 5/8	.80
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32½	.33 3/4		
Hogs (top price paid)	13.75	13.75		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, February 5	11.5	11.4		

*Ceiling prices.
**Trading in corn futures is not permitted.

Oats ceilings. The temporary price ceiling controls over oats, barley, and grain sorghums have been extended at the same level. However, Mr. Fred M. Vinson, director of economic stabilization has directed the Office of Price Administration to prepare a revision which will reduce these prices to parity. Under these circumstances, more oats shipments are expected. Farmers will wish to take advantage of present high prices, which are considerably above parity, in view of the almost certain reduction to parity levels. Such activity has not become apparent as yet, however, for there were no offerings and no sales of oats in the Chicago cash market Tuesday, February 8.

CCC to buy wheat. There has been considerable criticism of the government program to divert railroad cars for the importation of wheat from Canada at the time an insufficient number of cars were available to handle the shipments of domestic wheat. To help them dispose of their wheat, the Commodity Credit Corporation announced Tuesday, February 8, that it would buy wheat from farmers at a fraction of a cent under ceiling prices so long as metal storage bins were available. There is considerable empty storage space available in Kansas, North Dakota, and Montana, and it seems to be in these areas where the transportation difficulties are most acute. Producers will be required to stand the cost of cleaning the grain and pay the cost of transportation to the place of storage. Grade differentials designated in the OPA wheat price regulation will be observed.

Livestock receipts continue at record levels. Congested hog markets are the rule, and there is no sign of a letup. For the month of January, receipts of saleable hogs at 12 public markets were 91 percent larger than in January 1943. For

the period of October to January, inclusive, they were up 47 percent, and for the week ending February 5 were up 118 percent. The average weight of barrows and gilts at Chicago in January was 242 pounds compared to 245 pounds a year earlier. This year they brought $13.51 compared to $14.85 last year.

Cattle receipts for January were 27 percent higher than a year earlier at these 12 markets. For December and January combined, they were up 23 percent. Calf receipts are beginning to show phenomenonal increases also. For January, they were up 37 percent compared to January 1943, and for the week ending February 5, were up 38 percent. All of this seems to indicate that the confidence of livestock men in the outlook has weakened considerably. Inasmuch as the cattle man has little protection as far as government supports are concerned, this attitude can be well understood, particularly in light of the optimistic statements we have heard concerning the possibility of terminating the European phase of the war in 1944. Before extending livestock liquidation too far, farmers should remember that the war is not over and may not be over as soon as we might hope and that the demand for meat and animal products will probably remain at a very high level for some time after the war is over.

Protein meal. The War Food Administration has placed definite limitations on the use of protein meal in mixed feed. Manufacturers are permitted to use in 1944 only as much as they used during the corresponding quarter of 1942 and 1943, or 30 percent of the average used during 1942 and 1943, whichever is greater. This action was taken to promote the equitable distribution of protein meal among the various interested parties. For the year 1944 total consumption of protein meal by mixed feed manufacturers must not exceed the average quantity used during the calendar years of 1942 and 1943.

Dairy subsidy continued. The War Food Administration announced the continuation of dairy production payments up to February 17 at the same basic rate as those in effect for January. If the Congress continues the Commodity Credit Corporation without limitations preventing dairy production payments, it is expected that the rates for the remainder of February and for March and April will be adjusted to take into account increases in feed and other costs since the original rates were established last October. However, as pastures become available and more productive, the general dairy payments will probably be adjusted to a seasonally lower rate followed by seasonally higher rates next fall and winter. These payments are contingent upon the extension of the life of the Commodity Credit Corporation without restrictions in this respect. However, if the Commodity Credit Corporation were not permitted to finance these payments, it would undoubtedly be necessary to permit an increase in the ceiling prices of dairy products in order to reimburse the farmer for the increased costs.

Broomcorn ceilings. The Office of Price Administration has announced that broomcorn ceiling prices for the 1944 crop will be those established for the 1943 crop, namely, $300 a ton for "shed-cured" broomcorn and $250 a ton for all other broom corn, f.o.b. farm, warehouse, or other point where the broomcorn is loaded on any conveyance for shipment from the producer to the purchaser.

Tractor outlook brighter. The War Production Board has announced that the tractor manufacturers' schedules are being met and that the prospects for the full completion of the 1944 farm tractor production program have brightened. They express some concern, however, of the possibility of obtaining rubber tires for these tractors and fear that the use of some of the completed tractors might be delayed because of the inability to get these large-sized rubber tires.

Trucks lack drivers. According to the Office of Defense Transportation, the trucking situation in Illinois, Indiana, and Wisconsin is adversely affected because of the lack of drivers. They estimate that over 6 percent of the motor carriers are idle in these states and that the monthly loss of freight movement is about 250,000 tons.

Less evaporated milk to civilians. Under an allocation announced by the War Food Administration February 6, civilians will receive less evaporated and condensed milk than in 1943. However, the rate will be about the same as for the second half of 1943. The total amount available will be as follows: civilians, 53 percent; military services, 28 percent; lend-lease, Red Cross and foreign relief, 14 percent; emergency reserve, 5 percent. Total available to civilians, 1,931 million pounds.

CCC to sell surplus wool. Government agencies have purchased all domestic wool as well as importing large quantities. It is now reported that the Commodity Credit Corporation plans to sell rather large stocks of domestic wool. The unsold stocks of domestic wool on January 1 were 52 million pounds. We also have a stockpile of foreign wool of 330 million pounds. Undoubtedly in spite of these surpluses the government will continue to buy the domestic production at steady prices and take care of our commitments in connection with foreign wool. We are obliged to carry a rather large stockpile as a military precaution. However, it is expected that mill operations will continue at a rather high level, and woolens should become more plentiful for civilians.

Farm loans conservative. Both the Farm Credit Administration and the Farm Security Administration have been emphasizing the necessity of keeping loans for the purchase of farm land at a conservative level in order to help prevent a run-away inflation in farmland prices. The present trends in land prices are almost identical with those during World War I, although investigators point out that present transactions are not highly speculative in nature. A substantial fraction of purchases are made on a cash basis. Although lending agencies cannot have much influence on prices as long as the transactions are for cash, neither is there great danger of subsequent distress if there is no mortgage on the property. The Farm Security Administration recently notified local committees to turn back their money rather than make loans under the Farm Tenant Act for the purchase of farms at inflated prices. Mr. Frank Hancock, administrator, point out that "Congress passed Bankhead-Jones Farm Tenant Act to curb tenancy and expand family farm ownership. The farmer who goes into debt to buy a farm at an inflated price today is in danger of becoming a tenant of tomorrow."

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2-10-44

M L MOSHER
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Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared February 17)

The peach prospects in southern Illinois remain good, despite the snow and subzero weather that followed an unseasonally warm spell, according to Prof. M. J. Dorsey, Head of the Department of Horticulture. In most areas, not more than 20 to 30 percent of the peach buds have been killed. Doctor Dorsey explained that it takes only about 20 percent of the buds to make a crop, so there are plenty of live buds available. Considerable variation was reported for different varieties.

As a result of the reduction in receipts caused by the severe snow storm, top prices of hogs rose above the support level for the first time for many weeks. A top of $14 was obtained at Chicago Tuesday. This is an indication of what will happen as soon as hog marketings slacken.

If the price of hogs rises to $14.75, the present ceiling, the hog-corn ratio will be quite favorable, and it will be more profitable to feed hogs than to sell corn at present ceiling prices. We shall not have any substantial carry-over of corn, and we don't know what the weather will be during the summer months. Under these circumstances, farmers may follow their usual conservative practice of retaining enough corn on the farm to provide enough feed for livestock on hand.

There is a particularly serious need for legume seeds in the northeast dairy production area of the country. However, in some seed-producing areas of the country, reports indicate that farmers are holding seed back for 1945 plantings. The War Food Administration indicates that all of the available red clover seed supply must be used this year if vital war goals are to be met.

Although the total meat output of 1944 may reach 25 billion pounds dressed weight, or an increase of 8 percent over 1943, civilians will probably receive about the same amount of meat per capita as they received in 1943. The increase will be absorbed by military services and exports.

Cash income from farm marketings for 1943 is estimated by the U. S. Department of Agriculture at 19,009 million dollars compared with 15,336 million dollars in 1942. Most of the increase came from sales of livestock and livestock products. Hog sales made sharp advances, but there were also increases in poultry and eggs. Income from oil-bearing crops was up 70 percent. Wheat income was 13 percent higher in north-central regions.

The Office of Price Administration is considering ceilings on alfalfa hay but apparently has abandoned earlier intentions to place all hay under ceiling price control anyway soon. The ceiling price on alfalfa hay is expected to reflect full parity computed on a national weighted average basis.

Prices received by farmers averaged 115 percent of parity in January, the same as in December.

M L MOSHER
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Prices received by farmers averaged 116 percent of parity in January, the same as in December.

EGG PRICES FOR 1944

What are the prospects for egg prices in 1944?

The recently announced War Food Administration's shell egg purchase program is meant to reflect to producers an annual average U. S. farm price of 34 cents a dozen and not less than 30 cents during the spring and summer when marketings are heavy.

These prices are somewhat below those which prevailed in 1943. The monthly average Illinois farm price in 1943 was from 1 to 5 cents below the U. S. farm price. The U. S. farm price of eggs for January 1944 averaged 34 cents a dozen, which is 5 cents below the price for January 1943. A drop to 30 cents during March, April, May, and June would be no more than the usual seasonal decline from the January price.

In the WFA purchase program, eggs are bought in carlots only, and low-quality eggs are to be heavily discounted.

Price ceilings will restrict prices when marketings are light. Both maximum prices and support prices, however, will be adjusted for seasonal marketings.

1943 Average Farm Prices of Eggs

Months	U.S.	Illinois
January	.39	.34
February	.34	.32
March	.34	.33
April	.34	.33
May	.34	.33
June	.35	.34
July	.36	.34
August	.39	.35
September	.42	.36
October	.45	.40
November	.47	.43
December	.45	.41
Average	.39	.37

Some explanation of the sharp decline in egg prices during December and January is to be found in egg production statistics. Because of mild weather, especially in north-central and western states, egg production was 6 percent higher in December 1943 than a year previous. Apparently supplies of eggs became large, relative to current civilian consumption, before either the 1944 egg-storing or egg-drying operations could be started.

LFS:jh
2-17-44

L. F. Stice

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
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(Prepared February 17)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday February 16, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$1.71 7/8***	$ --	$1.69 3/8	$1.70 3/4
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 2 mixed)	--	--	.79¼	.79 5/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32	.32½		
Hogs (top price paid)	13.85	13.75		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, February 12		11.5		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Bids--no offers.

Peach prospects still good. The peach prospects in southern Illinois remain good despite the snow and subzero weather that followed an unseasonally warm spell according to Professor M. J. Dorsey, Head of the Department of Horticulture. In most areas, not more than 20 to 30 percent of the peach buds have been killed. Doctor Dorsey explained that it takes only about 20 percent of the buds to make a crop so there are plenty of live buds available. Considerable variation was reported for different varieties. At the fruit growers' school held at Newton, Monday, February 14, Dr. V. W. Kelley said that growers reported a kill of 56 percent for the Hale Haven variety; 43 percent for Elbertas; 8 percent for Red Bird; and 5 percent for Champion.

The U. S. Department of Agriculture reports a new record large crop of citrus fruit indicated for 1943-44. The crop is slightly larger than the previous record established last year and nearly two-thirds larger than the 1932-41 average. Most of the increase is in oranges. The per capita supply of fresh citrus fruits for civilians in 1944 may be about 5 to 10 percent larger than the quantity consumed per capita in 1943.

Cold storage holdings of apples and pears are relatively small, and civilian supplies of canned fruits for the 1943-44 season probably will be about one-fourth smaller than for the previous season. On the other hand, the per capita supply of all dried fruits for civilian consumption during the 1943-44 season is about one-fourth to one-third larger than the quantity consumed per capita in 1942-43. Raisins constitute most of the increase.

Hog prices up. As a result of the reduction in receipts caused by the severe snow storm, top prices of hogs rose above the support level for the first time for many weeks. A top of $14 was obtained at Chicago Tuesday. This is an indication of what will happen as soon as hog marketings slacken.

Feed grains. Commercial interests are beginning to wonder how the seasonal increase in hog price which is likely to develop will affect farmers' willingness to sell corn. Prior to the snow storm. farmers were marketing their corn more freely. Presumably one of the reasons was the decline in the hog-corn ratio. Farmers have become quite discouraged concerning the prospects for profits from feeding corn to hogs and are planning to liquidate their hogs rather rapidly in many cases. If the price of hogs rises to $14.75, the present ceiling, the hog-corn ratio will be quite favorable, and it will be more profitable to feed hogs than to sell corn at present ceiling prices. We shall not have any substantial carry-over of corn, and we don't know what the weather will be during the summer months. Under these circumstances, farmers may follow their usual conservative practice of retaining enough corn on the farm to provide enough feed for livestock on hand.

Cloverseed. The cloverseed situation is confusing. There is a particularly serious need for legume seeds in the northeast dairy production area of the country where farmers normally depend on outside sources for their seed. However in some seed-producing areas of the country, reports indicate that farmers are holding seed back for 1945 plantings. The War Food Administration indicates that all of the available red clover seed supply must be used this year if vital war goals are to be met. That means that carrying a reserve for 1945 seedings will be frowned upon.

The egg situation. In another section of this report, Professor Stice has discussed the egg situation. It is anticipated that with larger laying flocks consisting of a record-high proportion of pullets and stock of improved laying qualities generally, egg production in the first half of 1944 probably will exceed production in the same period last year. But egg production may decline more than seasonally in the second half of the year unless the outlook for feed crops is especially favorable at that time. Per capita civilian egg production is likely to reach a new high record level. Under these circumstances and the fact that meat supplies will become scarcer in the months ahead, eggs will become one of our cheapest high-quantity foods of animal origin. We can consider ourselves especially fortunate when we recall that the winter shell egg ration in England was one egg per month per person.

Meat supplies in 1944. Although the total meat output of 1944 may reach 25 billion pounds dressed weight, or an increase of 8 percent over 1943, civilians will probably receive about the same amount of meat per capita as they received in 1943. The increase will be absorbed by military services and exports. The War Food Administration is setting up a contingency reserve to meet emergency requirements. If the war should take a more favorable turn, part of this reserve could be allocated to civilians. In that case, the civilian consumption would exceed 1943. The outlook for 1945 slaughter, based upon farmers' intentions to raise hogs and feed cattle is not so bright. But in 1944 the number of animals slaughtered is likely to be increased by moderate liquidation of breeding herds.

Fats and oils. The U. S. Department of Agriculture predicts a peak production of fats and oils from domestic materials in 1944. The substantial increase in vegetable oil production of 1944 is anticipated as a result of increases in flaxseed, soybeans, and peanuts in 1943 and the probability of large crops again this year.

Lard production is also expected to be almost 10 percent greater than in 1943, but the government expects a decline in lard output beginning next October because it will be necessary to bring hog numbers into balance with short feed supplies. It is probable that the increase in the production of vegetable oils in 1945 will not offset a decline in the production of lard.

Farm income in 1943. Cash income from farm marketings for 1943 is estimated by the U. S. Department of Agriculture at 19,009 million dollars compared with 15,336 million dollars in 1942. Most of the increase came from sales of livestock and livestock products. Hog sales made sharp advances, but there were also increases in poultry and eggs. Income from oil-bearing crops was up 70 percent. Wheat income was 13 percent higher in north-central regions.

Price ceilings on alfalfa hay. The Office of Price Administration is considering ceilings on alfalfa hay but apparently has abandoned earlier intentions to place all hay under ceiling price control anyway soon. The ceiling price on alfalfa hay is expected to reflect full parity computed on a national weighted average basis. It is possible, of course, that when other hay reaches parity level ceiling prices may be fixed on it also. On a national basis the farm price of hay was the lowest of all important farm crops in relation to parity on January 15, It was 78 percent of parity at that time.

U. S. Farm prices January 15. Actual U. S. farm prices as percentages of parity on January 15, 1944, are listed below:

	Percent of parity		Percent of parity
Apples	169	Oats	115
Sweet potatoes	136	Veal calves	111
Turkeys	133	Butterfat	110
Lambs	126	Corn	105
Beef cattle	124	Barley	103
Chickens	124	Eggs	100
Milk, wholesale	117	Wheat	98
Potatoes	116	Hay	78

On December 15, soybean prices were 112 percent of parity. Presumably they didn't change much.

Between December 15 and January 15, the rise in crop prices were offset by declines in prices of livestock and livestock products, largely because of a sharp decline in prices of eggs. Prices received by farmers averaged 116 percent of parity in January, the same as in December.

FLJ:SD
2/16/44

Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared February 24, 1944)

The hog marketing situation has eased enough at Chicago to do away with the restrictions on shipping that have regulated the hog receipts at Chicago for the past month. The hog-corn ratio for the United States for January was 11.3 compared to 11.9 for the long-time January average. In addition to the unfavorable hog-corn ratio, the butterfat-feed ratio was also about 7 percent below the long-time January average, and the egg-feed ratio was down almost 25 percent. However, including special subsidies to dairy farmers, the milk-feed ratio was slightly above the long-time January average.

The extent of the wartime rise in livestock numbers in the United States is indicated by the comparison between the January 1, 1944, figures (preliminary estimates) and the January 1, 1940, figures for the various classes of livestock. In the following tabulation the 1940 figures are in curves and all are in millions: all cattle and calves, 82.2 (68.2); dairy cattle and calves, 40.9 (36.4); beef cattle, 41.3 (31.8); hogs, 83.8 (61.1); and sheep, 51.7 (52.4).

In the United States 4,436 million eggs were produced in January 1944. That was the largest January egg production on record, but the Crop Reporting Board reports farmers' intentions to purchase 17 percent fewer baby chicks this year than they bought in 1943.

According to the Bureau of Agricultural Economics, a larger turkey crop is expected this year. February 1 returns suggest about 33.8 million turkeys. This would be 2 percent larger than the 1943 crop. The east north-central states, including Illinois, expect to increase their output 15 percent.

Mr. Marvin Jones, War Food Administrator, has asked farmers to reduce cattle supplies on feed by three million head this year. This suggestion is made as a means of conserving feed and bringing livestock numbers more nearly in line with our feed supplies.

Reports reaching us suggest that the interest in victory gardens is not as pronounced as a year ago. It would be a national catastrophe if certain current developments were to leave the impression that victory gardens were no longer needed and that we should have plenty of food without them. We shall have very small supplies of commercially canned fruits and vegetables available for civilian consumption if the armed forces use the quantities they have ordered canners to set aside for them, and food will be one of our most critical war materials in 1944.

The soft winter and spring wheat areas have been hard hit by a drought condition since September. Between September 1, 1943, and January 31, 1944, the precipitation in Illinois was only 59 percent of normal. In January it was only 24 percent of normal. Fortunately, the 1944 crop will depend more upon precipitation during the spring and summer than the amount to date.

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GLJ:dh
2-24-44

CATTLE NUMBERS AT ALL-TIME HIGH

Cattle numbers on farms in the United States continued to increase in 1943, and on January 1, 1944, were at the all-time high of 82 million head. There has been a continuous increase since 1938, when there were 65 million head.

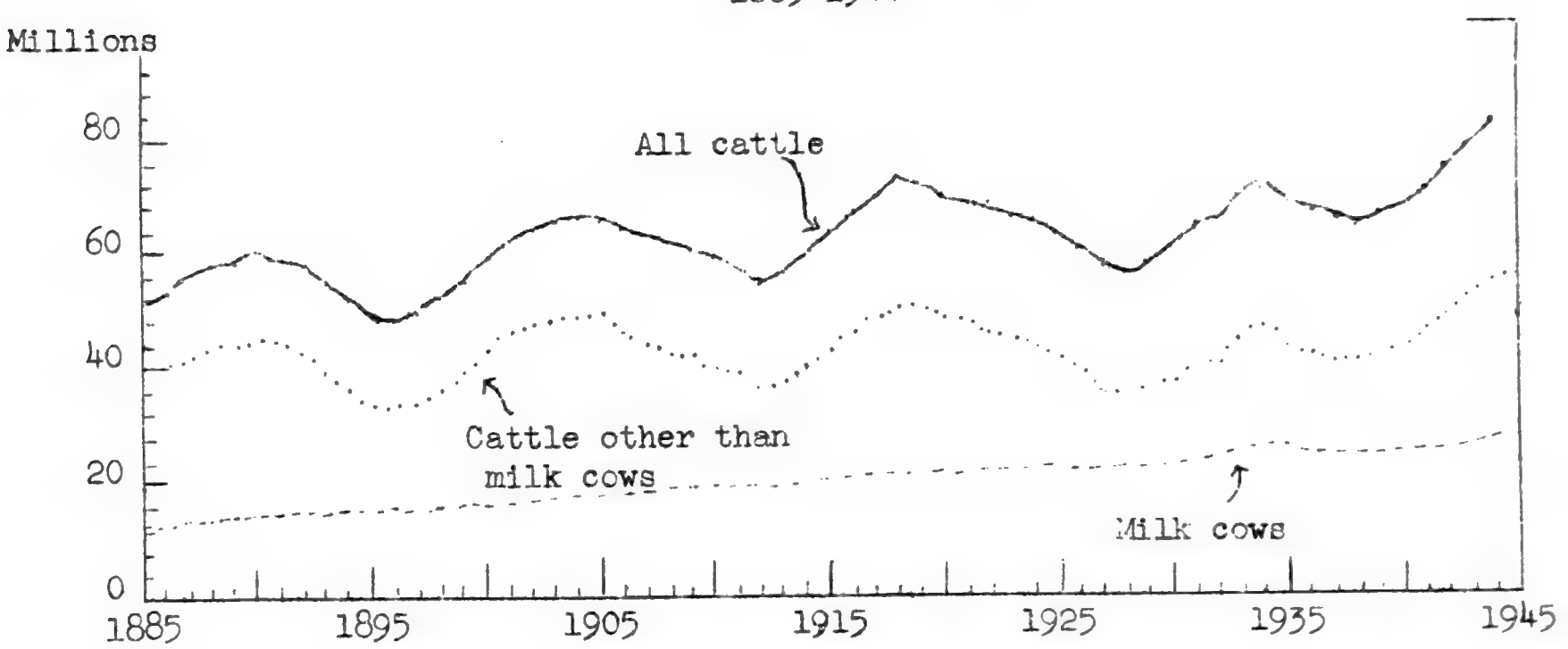
The outlook for profits in cattle production in 1944 depends largely on feed supplies and range conditions this year. Normal marketing and culling of cattle herds will maintain the market supply of lower grade cattle this fall. A short crop year and generally poor range conditions would force heavy marketings of cattle and result in lower prices for unfinished cattle. Conservative culling of beef herds while prices are high seems advisable.

The demand for beef will continue to be strong in 1944. Beef is expected to constitute 56 percent of the meat to be allocated to the United States military and war services, and civilians are not getting all they want.

Cattle feeding programs will continue to emphasize the utilization of roughages and marketing at a lower degree of finish than in recent years. Finished cattle will be in demand and the supply will be short. Prices for these cattle may be erratic, depending upon the immediate supply and demand conditions.

L. F. Stice

NUMBER OF CATTLE ON FARMS, JANUARY 1, U.S.
1885-1944



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared February 24)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday February 23, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$1.71 7/8***	$1.71 7/8***	$1.69 1/2	$1.69 3/8
Corn (No. 3 yellow)	1.14 3/4	--	--**	--**
Oats (No. 2 mixed)	--	--	.79 7/8	.79 1/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32	.32		
Hogs (top price paid)	14.00	13.85		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, February 19	11.8	11.7		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Bids--no offers.

Hog marketings. The peak in weekly hog marketings at Chicago appears to have occurred January 22. The situation has eased enough at Chicago to do away with the restrictions on shipping that have regulated the hog receipts at Chicago for the past month. The restriction ends Friday, February 25, following an increase in the quota allotted to each firm during the past week. The number of hogs received at Chicago during the week ending February 19 was approximately 150 thousand compared to a peak of almost 167 thousand during the week ending January 22. The average weight declined eleven pounds from 267 to 256 for the most recent month, and the average price increased from $13.13 for the week ending January 22 to $13.62 for the week ending February 19. The top price rose to $14. The average price of $13.62 for the week ending February 19 compares to an average of $15.36 for the corresponding week of 1943.

The hog-corn ratio for the United States for January was 11.3 compared to 11.9 for the long-time January average. In addition to the unfavorable hog-corn ratio, the butterfat-feed ratio was also about 7 percent below the long-time January average, and the egg-feed ratio was down almost 25 percent. However, including special subsidies to dairy farmers, the milk-feed ratio was slightly above the long-time January average.

Canada pays premium for hogs. In order to encourage hog production and divert more hogs into government-inspected plants from which export supplies are purchased, Canadian farmers are paid a premium of $3 a head for better grade hogs sold

to these plants. This premium is to continue until six months after the war in Europe. By restricting the premium to the better quality of hogs, it is hoped that the quality of pork products will be high enough to hold the overseas market for pork products after the war. Great Britain has contracted with Canada for large quantities of bacon.

Livestock on farms, January 1. The extent of the wartime rise in livestock numbers in the United States is indicated by the comparison between the January 1, 1944, figures (preliminary estimates) and the January 1, 1940, figures for the various classes of livestock. In the following tabulation the 1940 figures are in curves and all are in millions:

All cattle and calves	82.2	(68.2)
Dairy cattle and calves	40.9	(36.4)
Beef cattle	41.3	(31.8)
Hogs	83.8	(61.1)
Sheep	51.7	(52.4)

Compared to January 1, 1943, we had a moderate increase in dairy cattle, rather a substantial increase in beef cattle, 11 percent increase in hogs, but a 7 percent decrease in sheep numbers. Sheep numbers increase rather rapidly between 1940 and 1943, but during the past year there has been very heavy liquidation. This liquidation of sheep is understandable. There are no government supports for sheep except the present plan to purchase wool. The outlook for wool prices is not at all favorable. Although the government is paying domestic producers a reasonable price, they are holding auctions at which large quantities of imported wool are sold below the price paid for domestic wool. In view of probable supplies, the prices that consumers will be willing to pay for beef, dairy products, and pork would seem less likely to go into a tailspin than might be the case with wool or eggs.

Eggs and turkeys. In the United States 4,436 million eggs were produced in January 1944. This was the largest January egg production on record and was 17 percent above the previous high of January last year, and 82 percent above the 1933-42 average. We had a record number of hens and production per hen was considerably higher than a year ago. However, the number of pullets not yet of laying age in farm flocks on February 1 was estimated to be 4 percent less than the record number a year earlier.

The Crop Reporting Board reports farmers' intentions to purchase 17 percent fewer baby chicks this year than they bought in 1943. The number actually purchased will depend somewhat upon egg prices during hatching season and the relationship between prices of chickens, eggs, and feed. The January 15 price of eggs was down 11 percent from a year earlier, but the price of poultry feed was up about 25 percent.

According to the Bureau of Agricultural Economics, a larger turkey crop is expected this year. February 1 returns suggest about 33.8 million turkeys. This would be 2 percent larger than the 1943 crop but 1 percent less than the 1940 crop. The east north-central states, including Illinois, expect to increase their output 15 percent, but this region produces only 9 to 10 percent of the total crop. In the west north-central states, where they produce approximately 30 percent of the country's supply, an increase of 2 percent is planned. Here again relative prices of hatching eggs, poults, and feed will determine actual production.

Milk production. Milk production on farms in the United States in 1943 was about 1 percent less than the 1942 production. The increase of nearly 2 percent in the number of milk cows on farms was more than offset by a decrease in the production per cow.

Farmers asked to reduce beef cattle numbers. Mr. Marvin Jones, War Food Administrator, has asked farmers to reduce cattle supplies on feed by three million head this year. This suggestion is made as a means of conserving feed and bringing livestock numbers more nearly in line with our feed supplies. Animal husbandry specialists at the college suggest the maximum use of roughage and feeding to a "good" rather than a "choice" or "prime" condition. That will provide more economical gains and conserve feed at a time when feed costs are high relative to prices for fat cattle. The cattle population is still high and prices of lower grades will fluctuate with the condition of pastures and feed crops during the summer months.

Wheat for feed. The Commodity Credit Corporation is continuing to make wheat available for feed. East coast distillers of industrial alcohol have been instructed by the War Production Board to reconvert production immediately to the use of molasses rather than grain as a raw material. This is made possible by the completion of negotiations for purchase of Cuban molasses.

Food supply and victory gardens. Reports reaching us suggest that the interest in victory gardens is not as pronounced as a year ago. This impression is the result of smaller attendance at victory garden leader training schools and smaller sales of garden seeds than at this time last year. It is entirely possible, of course, that the interest will increase as the planting time approaches, but it would be a national catastrophe if certain current developments were to leave the impression that victory gardens were no longer needed and that we should have plenty of food without them. The facts of the matter are that we shall have very small supplies of commercially canned fruits and vegetables available for civilian consumption if the armed forces use the quantities they have ordered canners to set aside for them.

We do have large supplies of potatoes and eggs at the present time, but we have no assurance that we shall have favorable growing conditions and large supplies of potatoes and other vegetables in 1944. At the moment we are interested in using our record supply of potatoes. Stocks in hands of farmers on January 1 totaled more than 138 million bushels. This is 37 million bushels more than on January 1, 1943, and 35 percent higher than the ten-year average (1933-42). At the present time we are also having a plentiful supply of southern-grown new cabbage.

From time to time the government will release unused stocks of various foodstuffs, and that will give the impression that we have a bountiful supply. However, as a safety measure, it is necessary to set aside more than will likely be used. To prevent loss, the unused quantity must be put on the civilian market at about the time the new crop becomes available. These minor fluctuations in supplies should not blind us to the fact that food will be one of our most critical war materials in 1944. Large quantities will be required to feed liberated populations in Europe.

Cold storage holdings. Compared to a year ago cold storage holdings of butter, cheese, eggs, poultry, beef, total meats, and lard show substantial increases. There is about a 9 percent increase in pork. The quantity of apples in cold storage is less than two-thirds of the February 1, 1943, supply. Frozen fruits, however, were substantially higher and frozen vegetable stocks were up 84 percent.

The moisture situation. The soft winter and spring wheat areas have been hard hit by a drought condition since September. Up to the 31st of January, the precipitation in Illinois was only 59 percent of normal for the past five months. In January, it was only 24 percent of normal; in December 1943, it was 60 percent of normal; and for the three months September, October, and November 1943 it was 71 percent of normal. The wheat-growing states having higher than usual precipitation were Texas, Oklahoma, Kansas, and South Dakota. Fortunately the 1944 crop will depend more upon precipitation during the spring and summer months than upon the quantity of moisture in the soil at this time of the year. However, the absence of an adequate supply of subsoil moisture must be taken into consideration in connection with the crop outlook.

GLJ:DD
2/23/44

Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
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University of Illinois
College of Agriculture

(Prepared March 2, 1944)

The new regulation controlling the price of soybeans of the 1943 crop that are to be processed for oil permits a maximum of 6 cents storage charge over the previously announced support price. The present ceiling for producers of No. 2 yellow and green soybeans with 14 percent moisture is $1.86 per bushel. The maximum is $1.92 for the highest grade. The ceiling price on 1942 crop soybeans remains at $1.66 per bushel. It is not possible to hold beans from one crop year to another and get the higher price allowed on the later crop beans.

The President has signed the bill extending the life of the Commodity Credit Corporation until June 30, 1945, without any restrictions on subsidies.

Preliminary statistics indicate that total meat production in February set a new all-time record for that month and was substantially above the same month last year. Cattle receipts at Chicago were largest for any February in 17 years, and hog receipts set a 12-year record for the month. However, sheep and lamb receipts at Chicago were the smallest for any February on record. As a result of these large receipts, the storage warehouses are almost completely filled, and the government is taking special steps by means of lowering point values of meat to relieve the storage situation.

The U. S. Department of Agriculture fears too much liquidation and stresses the fact that hog producers are guaranteed a price equal to 90 percent of parity for a period extending two years from the first January after hostilities cease and that they have a definite promise of a temporary support price of $12.50 for 200- to 270-pound good and choice butcher hogs at Chicago for the 1944 spring pig crop.

Prices received by farmers in the United States on February 15 were 115 percent of parity. The general level of farm prices declined one point during the past month but was still 11 points above February 15, 1943.

The Frazier-Lemke farm mortgage moratorium law has been extended for two years until March 4, 1946. The extension of this law is mentioned only to remind us that "hard times" have existed in the past and very likely will plague us in the future.

Deliveries of food and other agricultural products for export under the lend-lease act in 1943 totaled almost 11½ billion pounds, about double the quantity delivered in 1942. Russia received the bulk of these shipments.

Mr. Lee Crowley, Foreign Economic Administrator, said that only one out of every one hundred ships carrying war goods to Russia in 1943 was lost.

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3-2-44

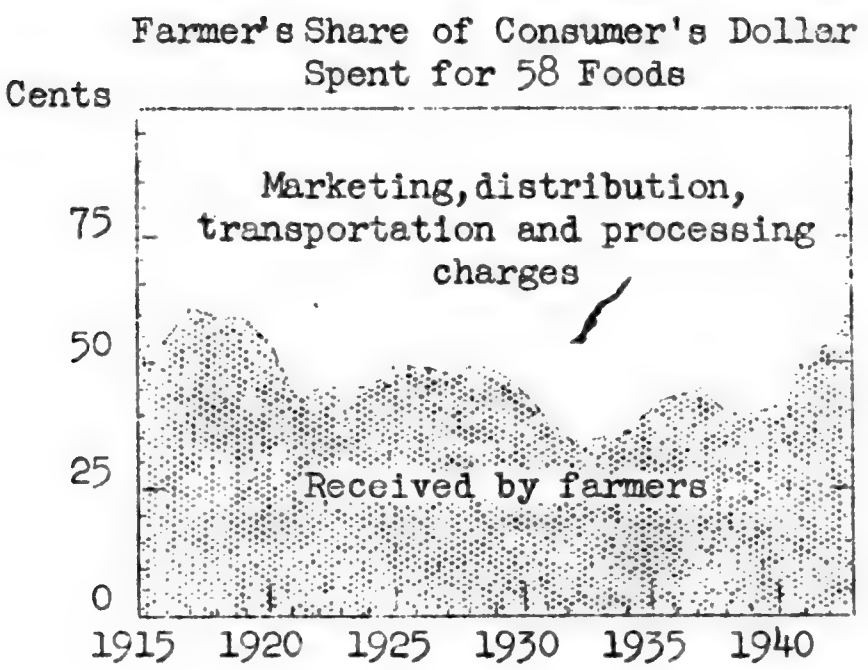
FARMER'S SHARE OF RETAIL FOOD DOLLAR
HIGHEST SINCE 1919

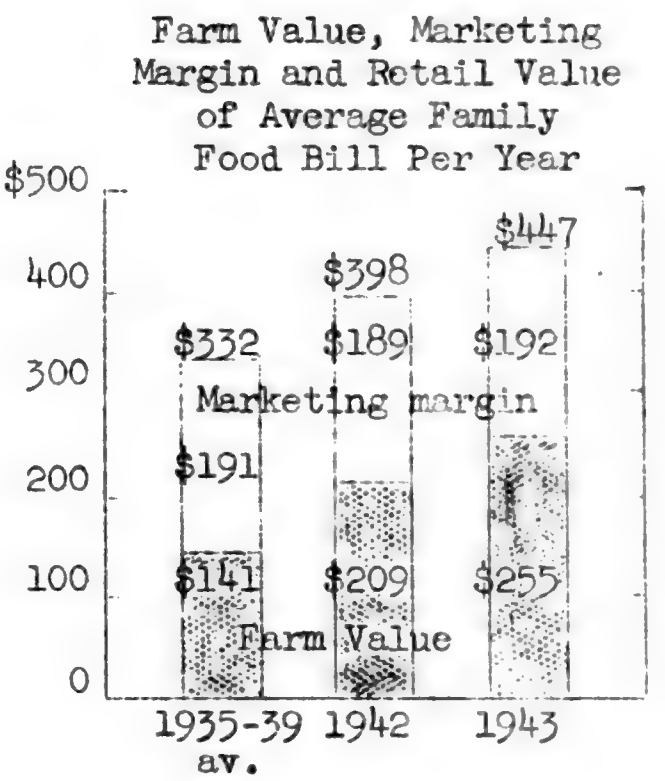
According to the Bureau of Agricultural Economics, in 1943 the farmer's share of the retail dollar spent for farm food products was 57 cents compared with 53 cents in 1942 and the 1935-39 average of 42 cents. In 1917 farmers received on an average 60 cents of the retail food dollar, which is the highest on record, but only 33 cents in 1932 (see chart below).

Marketing charges of farm food products in 1943, after government payments to marketing agencies were included, averaged 5 percent higher than the 1935-39 level. When government payments to marketing agencies are not included, the marketing margin of 58 foods for the typical workingman's family was $192 in 1943, $189 in 1942, and averaged $191 in 1935-39 (see chart below).

However, marketing charges have not increased in proportion to the changes in price of farm foods at retail and farm levels. The retail prices of farm food products for the year 1943 averaged 35 percent above prewar 1935-39 levels, while prices paid farmers for equivalent produce averaged 81 percent higher than the 1935-39 average. In the past an 81 percent increase in the level of farm prices would have been accompanied by about a 25 percent increase in marketing charges.

L. F. Stice





WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared March 2)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday March 1, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$1.71 7/8***	$1.71 7/8***	$1.70 3/4	$1.69 1/2
Corn (No. 3 yellow)	--	1.14 3/4	--**	--**
Oats (No. 2 mixed)	--	--	.80 3/8	.79 7/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32	.32		
Hogs (top price paid)	13.90	14.00		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, February 26		11.8		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Bids--no offers.

Soybean price ceilings. The new regulation controlling the price of soybeans of the 1943 crop that are to be processed for oil permits a maximum of the 6 cents storage charge over the previously announced support price. The present ceiling for producers of No. 2 yellow and green soybeans with 14 percent moisture is $1.86 per bushel. The maximum is $1.92 for the highest grade. The ceiling price on 1942 crop soybeans remains at $1.66 per bushel. In other words, it is not possible to hold beans from one crop year to another and get the higher price allowed on the later crop beans. Slight increases were also allowed marketing agencies, but they will not affect the price received by the farmer. Soybeans sold as seed for the 1944 crop or for human consumption or exported are not covered by the new ceiling.

Slight revision in corn price ceilings. The Office of Price Administration announced an amendment to the new regulation covering corn prices. It makes the following changes: (1) The use of formula prices is limited to setting maximums for corn locally produced at any point, rather than for corn shipped to or through a point from other areas; (2) it supplies methods of determining maximum prices for corn to be moved by barge. The amendment also permits compensation to a producer who loads corn aboard a rail car or barge by adding 1 cent per bushel to his maximum prices and extends formula prices for mixed grains to apply to grains containing any percentage of corn. It was formerly limited to mixed grains containing 50 percent or more of corn.

Commodity Credit Corporation extended. The President has signed the bill extending the life of the Commodity Credit Corporation until June 30, 1945, without

any restrictions on subsidies. A member of the House Banking Committee has indicated that an antisubsidy rider will be attached to a bill soon to be considered to extend authority for price controls.

Hog marketings continue heavy. Preliminary statistics indicate that total meat production in February set a new all-time record for that month and was substantially above the same month last year. Lamb and mutton were the only items that didn't participate in this heavy increase. Cattle receipts at Chicago were largest for any February in 17 years and hog receipts set a 12-year record for the month. However, sheep and lamb receipts at Chicago were the smallest for any February on record. As a result of these large receipts, the storage warehouses are almost completely filled, and the government is taking special steps by means of lowering point values of meat to relieve the storage situation.

The U. S. Department of Agriculture fears too much liquidation and is stressing the fact that hog producers are guaranteed a price equal to 90 percent of parity for a period extending two years from the first January after hostilities cease and that they have a definite promise of a temporary support price of $12.50 for 200- to 270-pound good and choice butcher hogs at Chicago for the 1944 spring pig crop. Parity prices for hogs on February 15 were $12.40 at the farm. With livestock numbers at extremely high levels, farmers cannot be blamed for reducing numbers to a more conservative level. However, if the war in Europe should continue two years more, we shall doubtless find our meat ration substantially reduced. The authority to use 50 million pounds of lard in the manufacture of soap has just been granted.

Canada is making special efforts to meet their contract with respect to shipment of meat and animal products but has found it possible to liberalize and in some cases remove meat rationing restrictions at home.

February 15 prices of farm products. Prices received by farmers in the United States on February 15 were 115 percent of parity. The general level of farm prices declined one point during the past month but was still 11 points above February 15, 1943, according to the U. S. Department of Agriculture. The United States average prices and parity prices are listed below for February 15

Commodities	February 15 price	Parity price
Wheat	$ 1.46 bu.	$ 1.50 bu.
Corn	1.13 bu.	1.09 bu.
Oats	.786 bu.	.678 bu.
Rye	1.11 bu.	1.22 bu.
Cotton	.1993 lb.	.2108 lb.
Potatoes	1.39 bu.	1.22 bu.
Apples	2.94 bu.	1.62 bu.
Hogs	12.90 cwt.	12.40 cwt.
Beef cattle	11.80 cwt.	9.21 cwt.
Veal calves	13.10 cwt.	11.50 cwt.
Lambs	13.20 cwt.	10.00 cwt.
Butterfat	.509 lb.	.458 lb.
Milk, wholesale	3.33 cwt.	2.79 cwt.
Chickens	.237 lb.	.094 lb.
Eggs	.395 doz.	.318 doz.

Small reserve of corn being accumulated. Last November the War Production Board requested the War Food Administration to build up a stockpile of 52 million bushels of corn by July 1. This government corn purchase program hasn't gotten under way yet, but the plans are being formulated to purchase this quantity of corn for storage. The delay has been caused by the high moisture content of the corn, the desire to prevent disturbance to the commercial corn market at a time when supplies were scarce, and the uncertainty concerning the extension of the life of the Commodity Credit Corporation. Primary receipts of corn at terminal markets are averaging only about 9 million bushels of corn a week. It will take some time, therefore, to accumulate the 52 million bushel stockpile.

March allocation of soybean meal. It is expected that the government will supervise allocation of between 125 thousand and 130 thousand tons of protein oilmeal for livestock and poultry feeding in March. The distribution of this oilmeal is handled through the county and state AAA committees in such a way that it supplements the quantities received through the regular channels of the trade in areas where it is most needed.

Farm mortgage moratorium extended. In 1933 the Frazier-Lemke farm mortgage moratorium law received lots of publicity. That law, which was to expire March 4, has been extended for two years until March 4, 1946. With record farm incomes and concern about farmland values rising too rapidly, the extension of this law is mentioned only to remind us that "hard times" have existed in the past and very likely will plague us in the future.

Lend-lease shipments in 1943. According to the War Food Administration, deliveries of food and other agricultural products for export under the lend-lease act in 1943 totaled almost 11½ billion pounds, about double the quantity delivered in 1942. Russia received the bulk of these shipments. The total was divided about as follows among the various commodities: 1.2 billion pounds of dairy and poultry products, including 79.8 million pounds of butter; 1.9 billion pounds of meats; 1.1 billion pounds of fats and oils; 242 million pounds of fish; 413 million pounds of fruits and fruit products; 569 million pounds of vegetables; 1.3 billion pounds of grain and cereal products; 43 million pounds of seeds; 250 million pounds of soya products; 3.5 billion pounds of miscellaneous foods; 890 million pounds of nonfoods, such as cotton and tobacco; and 588,305 pounds of vitamins.

Mr. Lee Crowley, Foreign Economic Administrator, said that only one out of every one hundred ships carrying war goods to Russia in 1943 was lost, compared to 12 lost out of every 100 in 1942.

More onions coming. Housewives in many areas of the country have had difficulty in buying onions. Relief from this scarcity of onions is indicated for about five to six weeks hence, at which time a big crop of Texas onions is due. This will be followed by onions from California, Louisiana, and Georgia. So we will be taken care of pretty well until our victory gardens supply our needs.

Illinois livestock on farms. The following statistics illustrate what took place in Illinois with respect to livestock numbers between January 1, 1942, and January 1, 1944. The numbers are in millions, with January 1, 1942, figures in parentheses: horses, 417 (487); all cattle, 3,244 (3,149); milk cows and heifers two years old and older, 1,180 (1,156); milk heifers one to two years old, 312 (280); sheep, 807 (940); hogs, 7,750 (5,912); chickens, 28,128 (23,707); and turkeys, 146 (110).

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3-2-44

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D E LINDSTROM
305 NEW AGR

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Cooperative Extension Work in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana, Illinois,
and U. S. Department of Agriculture cooperating

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By O. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(March 16, 1944)

For the week ending March 11, receipts of hogs at Chicago were less than 125,000 compared to 156,000 the previous week and 168,000 two weeks earlier. The top price was $14.20 and the average cost was estimated at $13.83, a rise of 29 cents for the week.

The U. S. Department of Agriculture estimates that the supply of meat available for civilian use in the April-June quarter of 1944 will be at least as large as supplies in the second quarter of 1943.

In spite of some relief caused by the open weather during much of the winter, the demand for feed grains during the 1943-44 feeding year as a whole is expected to exceed that of any previous year. Livestock numbers on farms January 1 were at an all-time high. It is expected that they will decline, but the downward adjustment in cattle numbers might be delayed by favorable pasture and range conditions. The U. S. Department of Agriculture estimates that there are sufficient quantities of feed grains on hand for the country as a whole to carry through the present feeding year, but that the carryover at the beginning of the next feeding year will be the smallest since 1937.

The supply of corn in terminal markets is so small that grain trade representatives will confer with officials in Washington on the matter of having a fraction of the corn received at elevators set aside for the government for the use of essential processors. Farmers have inquired if it is likely that the government would requisition corn from farmers. I doubt if that will be necessary.

If the disappearance of oats should continue at the present rate, stocks at the end of the season will be reduced to about the lowest level since the drouth years of 1934-1935 and 1936-1937. During a ten-year period, 1932-1941, February average price at Chicago for 100 pounds of No. 3 white oats was about 3 cents more than for 100 pounds of No. 3 yellow corn. In February this year, the average price of 100 pounds of oats was 47 cents more than corn.

The U. S. Department of Agriculture estimates that the number of early lambs in the principal producing states will be about 6 percent smaller this year than last, and the smallest number in the past eight years. Part of the decrease in marketings of early lambs before July 1 may be offset by a large movement of grass-fat yearling lambs and wethers from Texas.

The largest supply of seed potatoes in history is now available for spring planting, according to the War Food Administration.

Lumber consumption exceeded production by more than 4 billion board feet in 1943, according to the War Production Board. The gap between consumption and production has necessitated heavy withdrawals from mill, wholesale, and retail stocks.

D E LINDSTROM
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University of Illinois College of Agriculture, Urbana, Illinois,
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By G. L. Jordan
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(March 16, 1944)

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The U. S. Department of Agriculture estimates that the number of early lambs in the principal producing states will be about 6 percent smaller this year than last, and the smallest number in the past eight years. Part of the decrease in marketings of early lambs before July 1 may be offset by a large movement of grass-fat yearling lambs and wethers from Texas.

The largest supply of seed potatoes in history is now available for spring planting, according to the War Food Administration.

Lumber consumption exceeded production by more than 4 billion board feet in 1943, according to the War Production Board. The gap between consumption and production has necessitated heavy withdrawals from mill, wholesale, and retail stocks.

HOW MUCH ARE HOG NUMBERS BEING REDUCED?

Still unanswered is the question: How much are hog numbers being reduced? The logical assumption by most observers is that higher feed prices, shortage of labor, the lower support price for hogs next fall, and difficulties encountered in marketing hogs this winter have caused farmers to plan for fewer spring pigs than the 16 percent reduction indicated in the official December 1 pig crop report. What do more recent data show?

First, the marketing of sows has been large this winter. From the first of December through the first week in February, this year, sow purchases at Chicago averaged from 8 to 16 percent of all packer and shipper purchases compared with 5 to 10 percent a year previous. However, for all seven principal livestock markets, sow purchases for this period were only 8 to 10 percent of all packer and shipper purchases compared with 6 to 7 percent a year ago. Moreover, it would only be good business for hog producers to market heavy sows and keep gilts for spring farrowings. The heavy marketing of sows, then, is a strong indication that hog numbers are being reduced, but it is not conclusive proof that they are being reduced excessively.

Second, total hog slaughter has been heavy this winter, but has it been excessive when compared with the size of the 1943 spring pig crop of 74 million head? From October through February federally inspected hog slaughter totaled 34.7 million head, which is 47 percent of the 1943 spring crop. In other years inspected hog slaughter for these five months has run from 37 to 50 percent of the previous year's spring pig crop.

Another set of data on the prospective size of the 1944 spring pig crop was obtained by members of the Agricultural Extension Service from over 500 farmers who attended the recent outlook meetings. Surprisingly, the number of sows being kept on these 500 Illinois farms to farrow spring pigs is only 13 percent smaller than the record 1943 pig crop. This reduction is exactly the amount the agricultural production goals committee estimated would be needed to bring hog numbers in line with feed supplies. Reductions ranged from 32 percent in the southern counties to only 6 percent in the grain area.

On the basis of these three indicators, it does not appear that hog liquidation has gone much, if any, further than would be desirable in order to bring hog numbers in line with the prospective available feed supply.

L. F. Stice

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics
University of Illinois
College of Agriculture

(Prepared March 16)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday March 15, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$1.71 7/8***	$1.71 7/8***	$1.71 1/2	$1.70 7/8
Corn (No. 3 yellow)	--	--	--**	--**
Oats (No. 2 mixed)	--	--	.81 1/2	.80 1/2
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32	.32		
Hogs (top price paid)	14.35	14.10		
Cattle (top price paid)	17.00	17.00		
Hog-corn ratio, Chicago, March 11	12.0	11.7		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Bids--no offers.

Hog receipts decline, prices rise. For the week ending March 11, receipts of hogs at Chicago were less than 125,000 compared to 156,000 the previous week and 168,000 two weeks earlier. The top price was $14.20 and the average cost was estimated at $13.83, a rise of 29 cents for the week. Monday, March 13, the average cost was estimated at $14.00, which would be the highest since November 5. Part of this increase in prices has been attributed to the easing of pork rations; part of it to the decline in receipts.

Future meat supplies. The U. S. Department of Agriculture estimates that the supply of meat available for civilian use in the April-June quarter of 1944 will be less than the supply in the January-March quarter, but will be at least as large as supplies in the second quarter of 1943. Meat production is expected to decline seasonally but remain larger than the year earlier during the second quarter. Large stocks of meat have accumulated in cold storage warehouses and will move out of storage in the spring and summer. That will partly offset the seasonal decline in production. Production for lend-lease will also decline as slaughter declines. It is expected that the average weight of hogs marketed will be lower in 1944 than in 1943. The average weight of all hogs slaughtered under federal inspection in 1943 was 253 pounds, 8 pounds heavier than the average weight in 1942 and much heavier than normal.

Demand strong for feed grains. In spite of some relief caused by the open weather during much of the winter, the demand for feed grains during the 1943-44 feeding year as a whole is expected to exceed that of any previous year. Livestock

numbers on farms January 1 were at an all-time high. It is expected that they will decline, but the downward adjustment in cattle numbers might be delayed by favorable pasture and range conditions. The U. S. Department of Agriculture estimates that there are sufficient quantities of feed grains on hand for the country as a whole to carry through the present feeding year, but that the carryover at the beginning of the next feeding year will be the smallest since 1937, although perhaps not greatly below the average of predrouth years.

Commercial corn supply low. The supply of corn in terminal markets is so small that grain trade representatives will confer with the War Food Administration officials in Washington on the matter of having a fraction of the corn received at elevators set aside for the government for the use of essential processors. All commercial users, including grinders, commercial feeders, and manufacturers of feed, are having difficulty obtaining enough corn. Part of this restriction on corn delivery has been caused by weather conditions. Some farmers may anticipate that the demand is so strong that the price of corn will be raised. It is very doubtful that any further upward adjustments will be made in the corn prices. The ratios between livestock prices and prices of feed grains are now so low that the government would hardly raise feed costs further and thereby force a more rapid liquidation of livestock. However, it is understood that the War Food Administration has drafted an order requiring the bulk of corn moving to market to be set aside for the government. This order has not been issued to date. Farmers have inquired if it is likely that the government would requisition corn from farmers. I doubt if that will be necessary.

The oats situation. According to the War Food Administration stocks of oats January 1, 1944, were estimated at about 757 million bushels, or 166 million bushels less than a year earlier. It suggests that if the disappearance of oats should continue at the present rate, stocks at the end of the season will be reduced to about the lowest level since the drouth years of 1934-1935 and 1936-1937. During a ten-year period, 1932-1941, February average price at Chicago for 100 pounds of No. 3 white oats was about 5 cents more than 100 pounds of No. 3 yellow corn. In February this year, the average price of 100 pounds of oats was 47 cents more than corn. In other words, oats prices are extremely high in relation to corn, barley, and livestock as compared with the ten-year average.

1942 wheat loans mature April 30. The Agricultural Adjustment Agency has called attention to the fact that loans secured by 1942 farm-stored wheat mature April 30, 1944, and must be liquidated either by repayments of the loan, interest, and storage advance, if applicable, or by delivery of the grain collateral to the Commodity Credit Corporation. If the grain is delivered, it must be to Commodity Credit Corporation owned grain bins or to approved warehouses. Deliveries will be accepted prior to April 30 and must be completed by July 1. The 1943 farm storage wheat loans mature on demand or April 30, 1945. Upon request by the producer and with the approval of the county committee, farm-stored wheat collateral may be delivered to the CCC at any time prior to July 1, 1944. All farm-stored barley and rye loans mature on demand or April 30, 1944.

Duty-free feed grain imports. Because of the scarcity of corn in commercial and feeding channels, it is expected that the period will be extended during which feed grains may be imported free of duty. Considerable wheat is coming from Canada for feed purposes.

Fewer early lambs. The U. S. Department of Agriculture estimates that the number of early lambs in the principal producing states will be about 6 percent smaller this year than last, and the smallest number in the past eight years. Part

of the decrease in marketings of early lambs before July 1 may be offset by a large movement of grass-fat yearling lambs and wethers from Texas.

Seed potato supply ample. The largest supply of seed potatoes in history is now available for spring planting, according to the War Food Administration. The output of certified seed potatoes (highest quality) jumped from 20 million bushels in 1942 to more than 29 million bushels in 1943. If to these we add the somewhat lower grade of seed potatoes, known as "war-approved," the total supply is 41.6 million bushels.

Lumber stocks declined. Lumber consumption exceeded production by more than 4 billion board feet in 1943, according to the War Production Board. Although the decline in production was less than expected in 1943, the gap between consumption and production during the past two years has necessitated heavy withdrawals from mill, wholesale, and retail stocks.

Sugar supplies. The Office of Price Administration ordered a curtailment of industrial uses of sugar. It promised that the five pounds each for sugar stamp Number 30, now valid, and stamp Number 31, which becomes valid April 1,would not be cut. The supply available to consumers in the future, however, will depend upon the amount of shipping space available in coming months and the rate of consumer buying. The government is encouraging the increased use of cereals and grain and is not reducing allotments to firms making bread, cereals and the like, nor did it reduce the allowance of sugar used for canning and preserving fruits, jellies, jams, and catsup. The reduction applied principally to ice cream companies, manufacturers of condensed milk, mayonnaise, candy, and bottled beverages.

1943 lend-lease shipments, in relation to supply. During 1943 our lend-lease exports of cereals, beef and veal, canned vegetables, and butter were quite low relative to our supply. They ranged from 1 percent to 3.8 percent. On the other hand our exports of dried skim milk, canned fish, dried fruits, edible fats and oils, and pork ranged from 41.9 percent to 15.4 percent of our total supply. Details are given in the following table:

	Exports in % of Supply Year 1943		Exports in % of Supply Year 1943
All meats (dressed wt. basis)	9.5	Fruits:	
Beef and veal	1.3	Canned fruits and juices	6.9
Lamb and mutton	11.1	Dried fruits	20.3
Pork	15.4	Vegetables:	
All milk products (fluid milk equivalent)	3.8	Canned vegetables	1.5
Dry whole milk	13.7	Dried beans	11.4
Condensed & evap. milk	12.8	Dried peas	9.9
Dry skim milk	41.9	Corn & corn products (grain equiv.)	1.2
Butter	3.8	Wheat and wheat products (grain equiv.)	1.0
Cheese	14.3		
Eggs, dried (shell egg equiv.)	12.4		
Edible fats and oils (fat content)	16.3		
Canned fish	26.8		

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics

(Prepared May 25)

Beef steers made a new high price for the season at Chicago this week. The general consensus of opinion is that fed steers will continue to bring present or higher prices. If present prices hold, it may be that some range cattle will come to the corn-belt feedlots to be given a short feed for late summer marketing.

All grains are in demand for immediate delivery at approximately ceiling prices. However, substantial weakness has developed in the futures markets for wheat, oats and rye. The demand for all feed grains is especially strong and is likely to remain strong throughout the summer.

W. C. Burger, Chief, Feed and Livestock Branch, War Food Administration, outlined some of the steps that may be necessary to adjust livestock numbers to the available feed supply. He suggested a limitation of the total pig crop to 95 million head for 1944 instead of the previous goal of 105 million--also the redoubling of efforts to cull laying flocks. We need a downward adjustment in our cattle numbers by slaughtering three million more than the number of calves dropped. Professor L. C. Cunningham of Cornell University said that the northeastern dairy and poultry farmers are faced with the question of how to meet a feed deficit this summer even more serious than the one a year ago. He expects the demand for feed to continue heavy for the remainder of this feeding year.

Milk production on farms in the United States for April was slightly lower than for April 1943 and 1942; otherwise it was the largest April production on record.

Illinois commercial hatcheries indicate 11 percent fewer eggs set and 12 percent fewer chicks hatched during April this year than in April 1943, according to the Crop Reporting Service. There was also a 69-percent reduction in the number of chicks booked on May 1 compared to the same date a year ago. For the country as a whole, eggs hatched were down 18 percent and chicks booked were down more than 70 percent.

According to May 1 estimates of the Crop Reporting Service, prospects are generally good for apples, pears, cherries and plums in Illinois this year.

On the basis of official estimates, the following changes in employment are indicated for the period following the war: reductions in iron and steel, 500,000; machinery, 1,000,000; aircraft, 1,000,000+; ship building, 1,000,000+; chemicals, 500,000; auto industry, 250,000; food, 250,000; and government, 5,000,000. Increases in employment probably will be: construction, 2,000,000; trade, 250,000; and finance and services, 200,000. Net decline is close to 7,000,000. The demand for farm products is likely to decline as a result of such a reduction in payrolls.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics

(Prepared May 25)

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All grains are in demand for immediate delivery at approximately ceiling prices. However, substantial weakness has developed in the futures markets for wheat, oats and rye. The demand for all feed grains is especially strong and is likely to remain strong throughout the summer.

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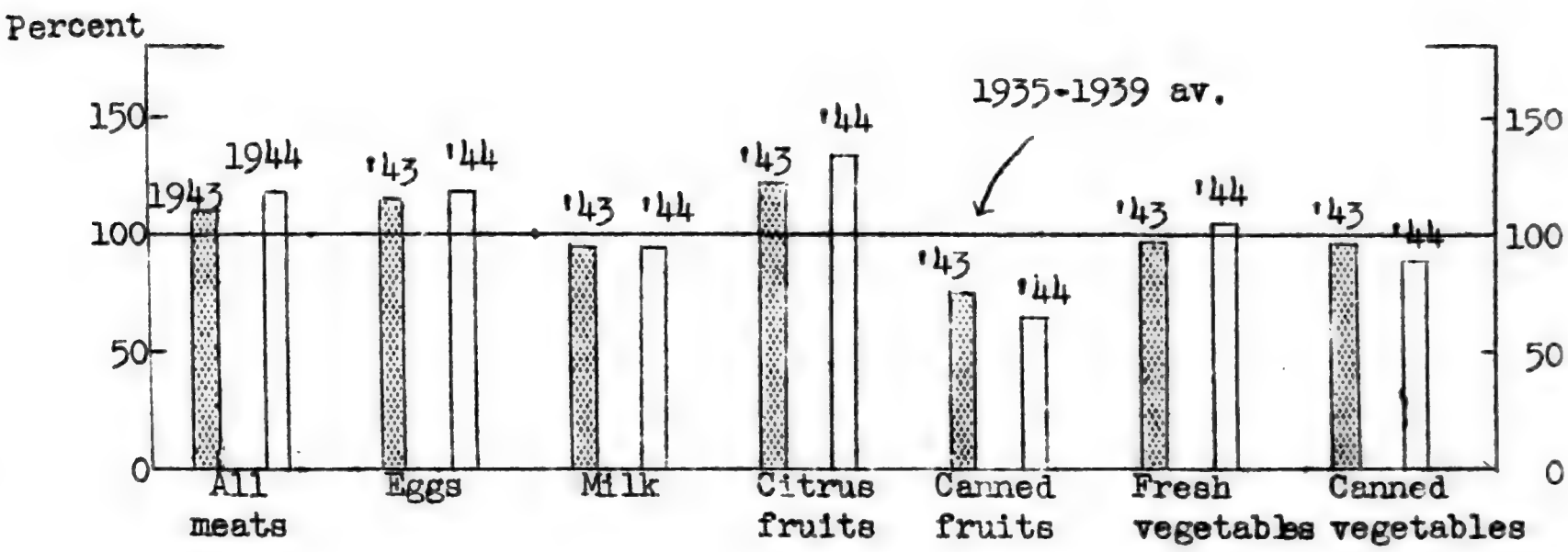
CIVILIAN FOOD SUPPLIES

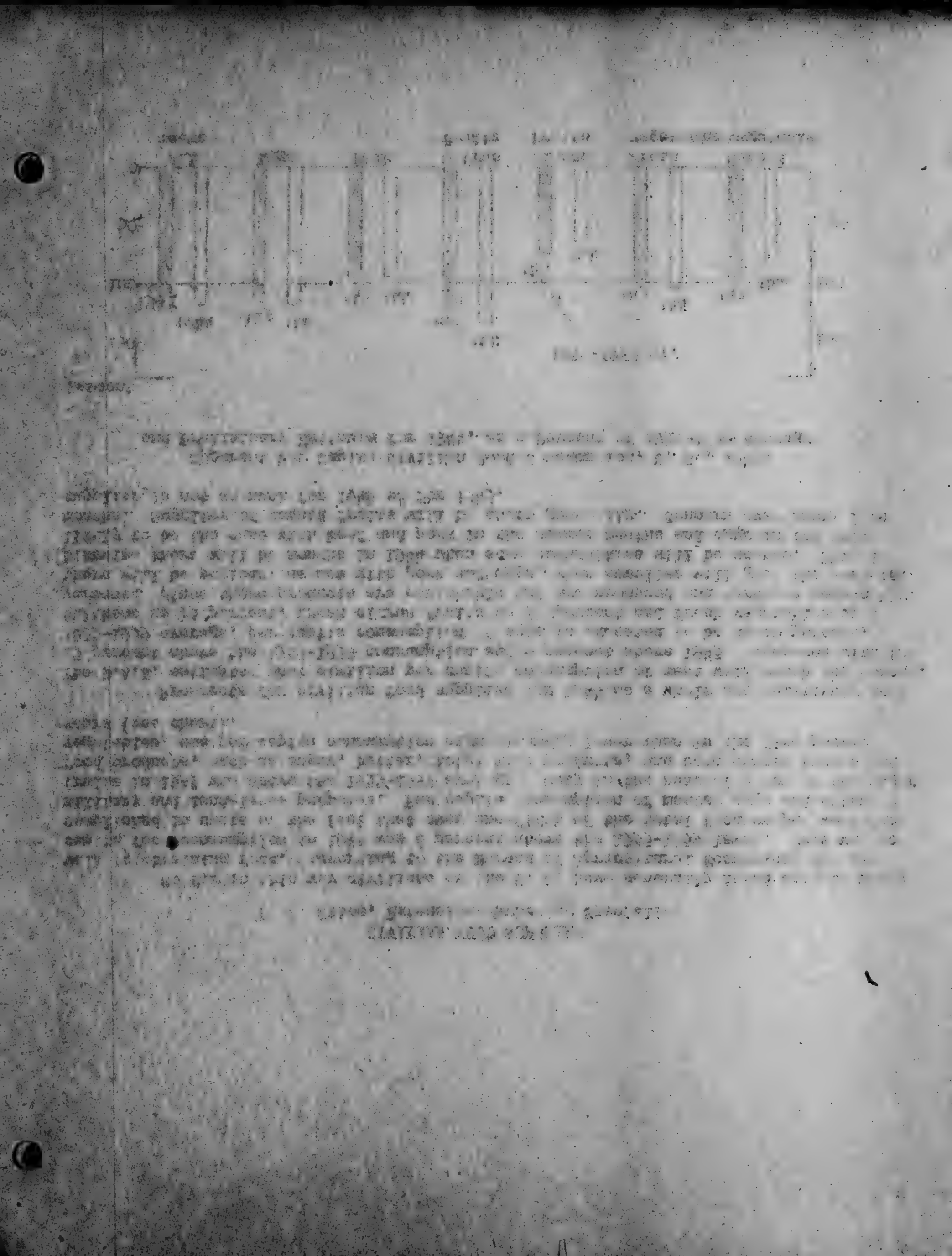
L. F. Stice, Extension Marketing Specialist

So far in this war civilians of the U. S. have generally fared exceptionally well in obtaining food. According to the Bureau of Agricultural Economics, the per capita food consumption in 1943 was 6 percent above the 1935-1939 level. This was accomplished in spite of the fact that over one-fifth of the total food output went for military and lend-lease purposes. Per capita consumption of meats, eggs and citrus fruits in 1943 was above the 1935-1939 average. Only in the case of a few of the major food products, such as sugar, butter, total milk products, and some canned fruits and vegetables, was per capita consumption significantly lower than in the five prewar years (see chart).

Prospects for civilian food supplies for 1944 as a whole are relatively good. The B.A.E. estimates that civilian per capita consumption of meat will reach 145 pounds, 15 percent above the 1935-1939 consumption and 6 percent above 1943. Compared with the 1935-1939 average, per capita consumption of eggs is expected to be up 18 percent, chickens up 33 percent, fresh citrus fruits up 33 percent and fresh vegetables up 3 percent. Since these products are perishable and are produced and marketed seasonably, there will be periods, as now with pork and eggs, when supplies will glut the markets. Likewise there will be months in 1944 when some commodities will be scarce. This is likely to be the case with beef and pork in the summer months and eggs in the fall months. Supplies of canned fruits will be short generally. Concern over short food supplies is not so much for 1944 as for 1945.

Apparent Per Capita Civilian Food Consumption, U. S., 1943,
and Preliminary Estimate for 1944, as a Percent of 1935-1939 Average





WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared May 25)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures (close)	
	Wednesday May 24, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$1.71 7/8***	$1.71 7/8***	$1.59½	$1.61½
Corn (No. 2 yellow)	1.16***	1.16***	--**	--**
Oats (No. 2 white)	.83¼***	.83¼***	.71 3/4	.71 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.29	.29		
Hogs (top price paid)	13.75****	13.75****		
Cattle (top price paid)	17.15	17.05		
Hog-corn ratio, Chicago, May 20	11.1	11.2		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Bids--no offers. Ceiling prices.
****Government support price.

Cattle markets. Beef steers made a new high price for the season at Chicago at $17.15 Wednesday. The market continued strong, although top grades were not always available. The general consensus of opinion is that fed steers will continue to bring present or higher prices. Less than the usual number of cattle entered the feedlots and they have been marketed freely as short fed steers, with the result that more feedlots are empty this year than usual. The recent strength in fed cattle prices will have a tendency to encourage longer feeding by farmers who have corn and steers on hand.

Although we have record numbers of cattle on farms and ranches, a large fraction of them are on the ranges. Ordinarily these cattle would not come to market until September. Because of the recent relationship between corn and cattle prices, it was anticipated that there would be few cattle marketed during the summer and a very heavy marketing from the ranges in the fall. If present prices hold, it may be that some of these range cattle will come to the corn-belt feedlots to be given a short feed for late summer marketing. This would be a constructive development from the standpoint of both the farmer and the consumer.

Grain prices. All grains are in demand for immediate delivery at approximately ceiling prices. However, substantial weakness has developed in the futures markets for wheat, oats and rye. Wheat futures are now 12 to 14 cents below the ceiling price. A big crop of wheat is about ready to harvest in the southwestern states, and both winter and spring wheat are making good progress in practically all wheat-growing areas of the United States and Canada. Wheat and rye prices are so far above

the level at which they are likely to be maintained in the postwar period, however, that any indication of an early termination of war would probably be a bearish influence. In fact the invasion of Europe may be so interpreted.

Corn receipts are at a very low level because of the recent weather conditions. Practically no oats reach terminal markets. The demand for all feed grains is especially strong and is likely to remain strong throughout the summer.

Corn set-aside. The War Food Administration has taken steps to control transportation of corn in the 125 set-aside counties. Truckers and railroads are not to accept for transportation any corn except under terms of the set-aside order. County AAA committeemen will issue permits to move the corn, and carriers will act in accordance with these permits.

Livestock-feed adjustments. W. C. Berger, Chief, Feed and Livestock Branch, War Food Administration, outlined some of the steps that may be necessary to adjust livestock numbers to the available feed supply at a recent convention of the American Feed Manufacturers Association. He suggested a limitation of the total pig crop to 95 million head for 1944 instead of the previous goal of 105 million--also the redoubling of efforts to cull laying flocks. We need a downward adjustment in our cattle numbers by slaughtering three million more than the number of calves dropped. Our difficulty here is that the capacity for slaughter is about 34 million head, but it would take a slaughter of 36 million head to reduce our cattle numbers as much as Mr. Berger thinks necessary. He would cull 100 million hens out of the present laying flocks instead of the 50 million we would normally cull during June, July and August. In spite of the reduction in hatchings compared to a year ago, he thinks that we will have all the chickens we need in view of the feed situation.

The 1944 spring pig crop is estimated at 60 million head. That means a substantial reduction in the fall pig crop and marketings at light weights in order to save 12 million tons of feed, equivalent of about 332 million bushels of corn. The total pig crop in 1943 was approximately 122 head. Mr. Berger does not seem to expect that it will be possible to bring about any automatic geographic distribution of feed supplies but that liquidation of livestock would be forced in those areas where feed supplies are not available.

Professor L. C. Cunningham of Cornell University in addressing the same meeting indicated that the northeastern dairy and poultry farmers are faced with the question of how to meet a feed deficit this summer even more serious than the one a year ago. He expects the demand for feed to continue heavy for the remainder of this feeding year. He does not expect wheat, oats and barley to be as readily available to feed deficit areas this summer as they were last year because old stocks of wheat were sharply lowered, oats and barley acreages were reduced by the lateness of the season and because of grain price ceilings. In his opinion, adjustments in grain price ceilings are needed. Otherwise some other form of orderly reduction of livestock production would be in the best interest of all concerned. He suggested that the reduction by class of livestock by region should be based on requirements for human food.

Milk production. In May the pastures were in fairly good condition for the country as a whole, but milk production per cow was down to 15.60 pounds from 16.12 pounds a year ago. In Illinois milk production per cow kept by reporters averaged the same this year as last--17.1 pounds. Milk production on farms in the United States for April was slightly lower than for April 1943 and 1942; otherwise it was the largest April production on record. The number of cows is about 2 percent larger than a year ago, but production per cow is somewhat lower because of the delayed pas-

tures and unfavorable weather in most of the important dairy states. For January through April milk production was just slightly more than for the same months in 1943.

Poultry. Illinois commercial hatcheries indicate 11 percent fewer eggs set and 12 percent fewer chicks hatched during April this year than in April 1943, according to the Crop Reporting Service. There was also a 69 percent reduction in the number of chicks booked on May 1 compared to the same date a year ago. For the country as a whole, there were 18 percent fewer eggs hatched in April than a year ago, and chickens booked on May 1 were down more than 50 percent. There has been an extra strong demand for sexed pullets. Thousands of sexed cockerels have been reported destroyed this year, whereas last year very few were destroyed.

Fruit and vegetable prospects. According to May 1 estimates of the Crop Reporting Service, prospects are generally good for tree fruits in Illinois this year. That applies especially to apples, pears, cherries and plums. Total fruit production this season is indicated to be larger than average and considerably larger than in 1943.

As of mid-May, conditions were very favorable for most truck crops. As the temperature warmed up, asparagus grew so rapidly that it was difficult for the canners to harvest and process it fast enough. Strawberry production prospects were reduced by the frosts that occurred early in May. In some of the southern counties, more than one-third of the crop was reported destroyed. The Emergency Farm Labor Office reports that the short crops in southern Illinois brought ceiling prices. Temperatures have been generally favorable for rapid growth of transplanted tomatoes. Considerable watermelon acreage is reported planted in central Illinois. The Office of Price Administration has announced price ceilings for watermelons this year at levels substantially below the extreme high prices received last year. In fact, they expect to keep the prices of watermelons at near parity levels. This may discourage some acreage not already planted.

Soybean loan and purchase program. The base support price to all farmers was announced sometime ago for soybeans at $2.04 a bushel for green and yellow soybeans, grade United States No. 2 with moisture content of 14 percent delivered by farmers to country elevators, processing plants or other normal delivery points. During the past week additional details were announced as follows: A premium of one cent a bushel will be paid for each one-half percent under 14 percent moisture content down to and including 11 percent. A discount of one and one-half cents will be made for each one-half percent in excess of 14 percent moisture content, up to and including 18 percent. Thereafter, the discount will be two cents for each one-half percent. There will also be a discount of one-half cent per bushel for each pound under 54 pounds test weight. There are also discounts for green damage in excess of three percent total damage, for other types of damage and for foreign material and dockage. The base support price for brown, black and mixed soybeans will be 20 cents per bushel lower than for green and yellow soybeans.

Farmers will either be able to sell their beans at the support price or obtain loans from the Commodity Credit Corporation. If loans are secured, a storage advance of seven cents a bushel will be made at the time the loan is made. Loans will be available through January 31, 1945, and will mature on demand but not later than April 30, 1945.

Unemployment ahead? On the basis of official estimates, the following changes in employment are indicated for the period following the war:

Reductions	in iron and steel,	500 thousand
"	in machinery	1,000 thousand
"	in aircraft	+1,000 thousand
"	in ship building	+1,000 thousand
"	in chemicals	300 thousand
"	in auto industry	250 thousand
"	in food	250 thousand
"	in government	5,000 thousand

The total estimated decline in employment in these industries exceeds nine million. Offsetting this decline will be probable increases in employment in construction, two million; trade, 250 thousand; and finance and services, 200 thousand. This will leave a net decline in employment of close to seven million. Even though unemployment insurance is widely used to alleviate suffering in this group, the demand for farm products is bound to decline as a result of the reduction in payrolls and the conservatism in spending which will be induced by fear of employment.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics

(Prepared June 15)

Hog receipts continue to be rather erratic. The carry-over at the end of business Tuesday was about 40,000 on principal markets compared to 56,000 a week earlier. Packers under federal inspection at 32 markets butchered the smallest number of hogs last week, barring holiday periods, since last October. Last week's total hog slaughter was only 7 percent greater than for the same week in 1943.

For the four months January to April 1944 compared with comparable months in 1943, milk production for the United States was up slightly; egg production up about 9 percent; beef production up about 16 percent; lamb and mutton up about 3 percent; and pork and lard up about 47 percent.

The ratio between prices of hogs and corn in May was below the long-time May average. The butterfat-feed ratio and the milk-feed ratio were both higher than the long-time average, but the egg-feed ratio was down 14 percent.

The percentage changes from last year in storage holdings for the important commodities as of June 1 were as follows: Apples, -30 percent; butter, -16 percent; frozen fruit, +20 percent; pork, +48 percent; total meats, +63 percent; cheese, +67 percent; frozen vegetables, +74 percent; beef, +172 percent; lard, +190 percent; and frozen poultry, +424 percent. Lard stocks were the highest in 20 years.

The U. S. Department of Agriculture suggests that some meats may return to the ration list in the not too distant future. The nearer articles seem to be the better qualities and choice cuts of beef, ham and sliced bacon.

The House of Representatives has approved a fund of $125 million for incentive payments for the harvesting of seeds of grasses and legumes.

James J. Byrnes, War Mobilization Director, said that 15 thousand surplus army trucks and an undetermined amount of surplus agricultural machinery now at army depots are ready for disposal to farmers under allocations to be based on information obtained by state and county Agricultural Adjustment Administration committees.

Claude Wickard, Secretary of Agriculture, said that peacetime farm production of 30 percent more than present levels is a decided possibility and may pose a serious surplus problem.

Chester Bowles, Price Administrator, asked industry to price its postwar output low enough to tap mass markets. He indicated that it is only these markets that keep our vast production capacity in operation and that unless industry follows this policy vigorously there is little prospect of maintaining a high level of national income.

Leonard Spangenberg, vice president of Baker's Dyeing, said June 19 that history's worst depression is scheduled for 1950. He predicted excellent business for three or four years after the war.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics

(Prepared June 15)

Hog receipts continue to be rather erratic. The carry-over at the end of business Tuesday was about 40,000 at principal markets compared to 58,000 a week earlier. Packers under federal inspection at 32 markets butchered the smallest number of hogs last week, barring holiday periods, since last October. Last week's total hog slaughter was only 7 percent greater than for the same week in 1943.

For the four months January to April 1944 compared with comparable months in 1943, milk production for the United States was up slightly; egg production up about 9 percent; beef production up about 16 percent; lamb and mutton up about 3 percent; and pork and lard up about 47 percent.

The ratio between prices of hogs and corn in May was below the long-time May average. The butterfat-feed ratio and the milk-feed ratio were both higher than the long-time average, but the egg-feed ratio was down 14 percent.

The percentage changes from last year in storage holdings for the important commodities as of June 1 were as follows: Apples, -50 percent; butter, -16 percent; frozen fruit, +20 percent; pork, +48 percent; total meats, +63 percent; cheese, +67 percent; frozen vegetables, +74 percent; beef, +172 percent; lard, +190 percent; and frozen poultry, +484 percent. Lard stocks were the highest in 20 years.

The U. S. Department of Agriculture suggests that some meats may return to the ration list in the not too distant future. The scarcer articles seem to be the better qualities and choice cuts of beef, ham and sliced bacon.

The House of Representatives has approved a fund of $12½ million for incentive payments for the harvesting of seeds of grasses and legumes.

James F. Byrnes, War Mobilization Director, said that 10 thousand surplus army trucks and an unstated amount of surplus agricultural machinery now at army depots are ready for disposal to farmers under allocations to be based on information obtained by state and county Agricultural Adjustment Administration committees.

Claude Wickard, Secretary of Agriculture, said that peacetime farm production of 50 percent more than prewar levels is a decided possibility and may pose a serious surplus problem.

Chester Bowles, Price Administrator, asked industry to price its postwar output low enough to tap mass markets. He indicated that it is only these markets that keep our vast production capacity in operation and that unless industry follows this policy vigorously there is little prospect of maintaining a high level of national income.

Leonard Spangenberg, vice president of Babson's Reports, said June 19 that history's worst depression is scheduled for 1950. He predicted excellent business for three or four years after the war.

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COMPARISON OF 1943 LIVESTOCK PRODUCTION GOALS WITH ESTIMATES OF ACTUAL PRODUCTION

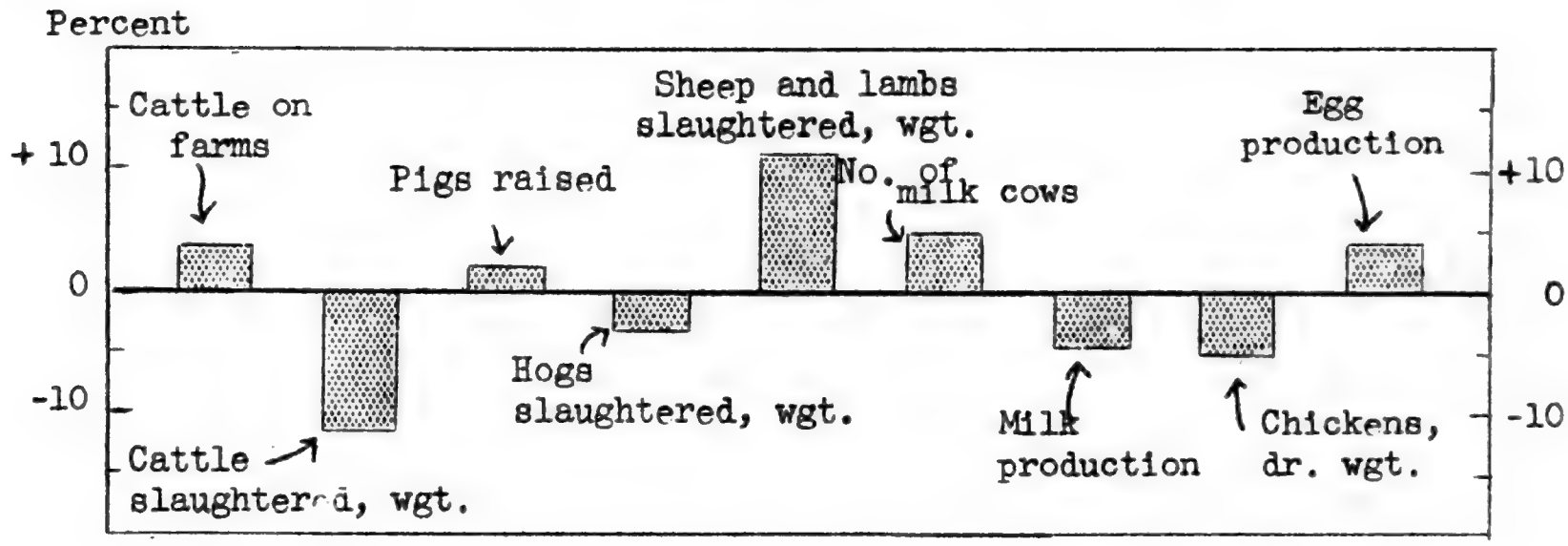
By L. F. Stice, Extension Marketing Specialist

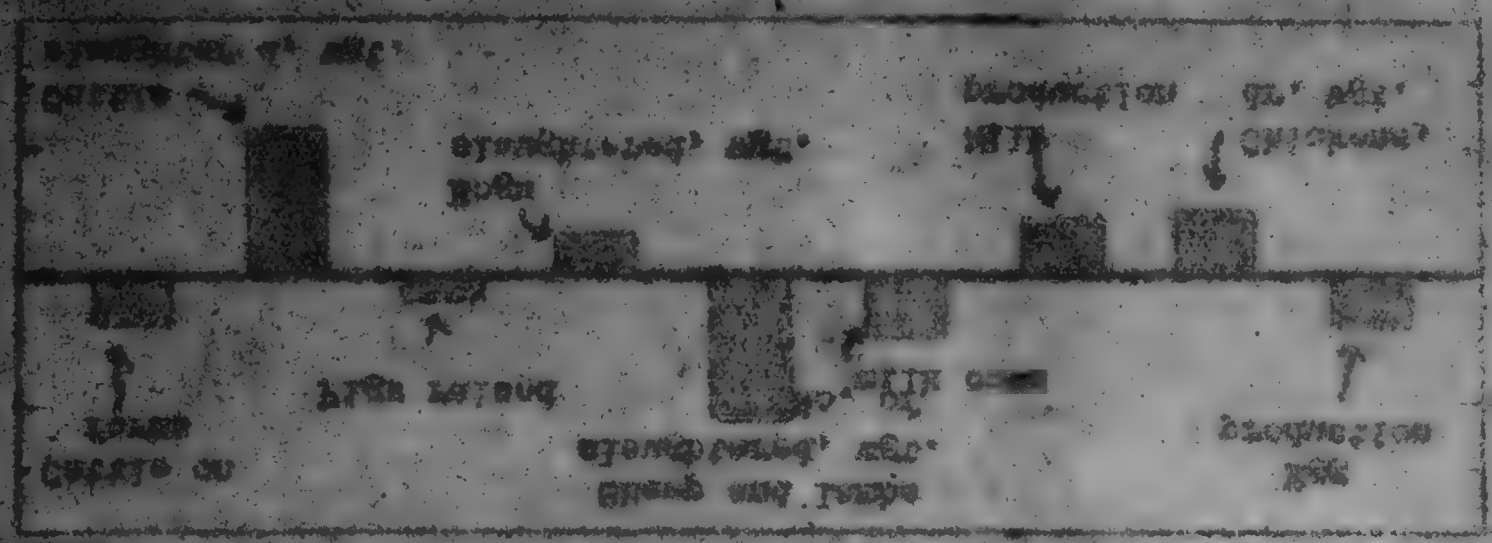
Present surpluses of certain food products may raise the question: How much did farmers exceed the "planners'" 1943 production goals? The percentage deviations of actual production with the 1943 goals are illustrated in the chart below. (Actually in some cases goals were rough estimates of what was expected.)

For the most part, actual marketing of the livestock products fell below the goals. Cattle and calf slaughter by weight was 11 percent below the goal; hog slaughter by weight was 3 percent under the goal, and the slaughter of chickens by weight was $4\frac{1}{2}$ percent under the goal. Production of eggs and slaughter of sheep and lambs exceeded the goals by 4 percent and 12 percent respectively.

Significantly and in line with what might be expected from price relationships and trends in livestock numbers, the numbers of cattle on farms, including milk cows, and the number of pigs raised in 1943 exceeded the 1943 production goals by 4 percent for cattle and 2 percent for pigs. The number of spring pigs raised in 1943 was 5 percent above the goal, while the number of fall pigs was below the goal. This was a reflection of the changing feed situation and a less favorable hog-corn price ratio. Goals provide a valuable objective in war time, but price relationships largely determine what happens.

1943 LIVESTOCK AND POULTRY PRODUCTION COMPARED WITH 1943 GOALS





MILK TOXIC COMPS
(OF) FLAVOUR AND SOMATIC SECRETION CONTROL

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared June 22)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures (close)	
	Wednesday June 21, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 hard red winter)	$1.61***	$1.63***	$1.56¼	$1.57½
Corn (No. 2 yellow)	1.16***	1.16***	--**	--**
Oats (No. 2 white)	--	--	.69 1/8	.69½
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32-.32½	.30½-.31½		
Hogs (top price paid)	13.75****	13.75****		
Cattle (top price paid)	17.60	17.60		
Hog-corn ratio, Chicago, June 17	10.8	10.9		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Quotations, old crop. No cash sales.
****Government support price.

Hogs. Hog receipts continue to be rather erratic. There were light supplies at seven principal markets Monday, but a rather heavy run Tuesday. Receipts Wednesday were the lightest for any Wednesday since May 3. The carry-over at the end of business Tuesday was about 40,000 at these markets compared to 58,000 a week earlier. Packers under federal inspection at 32 markets butchered the smallest number of hogs last week, barring holiday periods, since last October. Last week's total hog slaughter was only 7 percent greater than for the same week in 1943.

Eggs. Most recent reports indicate that the egg situation is clearing up somewhat and that not as many eggs will have to be used for nonfood purposes as was originally anticipated. In order to encourage further expansion in food uses of eggs, the Office of Price Administration has announced an allotment of sugar for manufacturers who will increase their use of eggs in food products. The maximum sugar increase is 5 percent of 1941 use.

Production of animal products. For the four months January to April 1944 compared with comparable months in 1943, milk production for the United States was up slightly; egg production up about 9 percent; beef production up about 16 percent; lamb and mutton up about 3 percent; and pork and lard up about 47 percent.

For the month of May the ratio between prices of hogs and corn was below the long-time May average. The butterfat-feed ratio and the milk-feed ratio were both higher than the long-time average, but the egg-feed ratio was down drastically--14 percent. The unfavorable relationship between feed prices and both hogs and eggs is due to the exceptionally heavy marketing of both. On April 1 the number of laying

hens and pullets on farms was up 5 percent from a year earlier and 37 percent above the average. Not only is the number of hens higher this year, but for the first four months the average number of eggs laid per hen was 54.3 compared with an average of 47.

Hogs coming to market at this time of year are largely from last fall's pig crop, which totaled almost 48 million head--10 percent larger than the previous record fall crop in 1942.

There is little danger of any surplus of dairy products being built up that would tend to depress prices. Creamery butter production in March was 12 percent under the previous March. It continued to maintain that relationship during the next few weeks for which records are available.

Cold storage holdings. Storage space has been at a premium for several months, partly as a result of the need to build up stockpiles for the use of our armed forces. In the case of eggs not enough storage space could be found to take care of our seasonal surplus. Compared to a year ago the only decreases in important commodities in storage on June 1 were apples and butter. Greatest increases on a percentage basis were for frozen poultry, lard and beef. The percentage change from last year in storage holdings for the important commodities as of June 1 are given below: Apples, -50 percent; butter, -16 percent; frozen fruit, +20 percent; pork, +48 percent; total meats, +63 percent; cheese, +67 percent; frozen vegetables, +74 percent; beef, +172 percent; lard, +190 percent; and frozen poultry, +484 percent. Lard stocks were the highest in 20 years.

Food outlook. The U. S. Department of Agriculture suggests that some meats may return to the ration list in the not too distant future. The scarcer articles seem to be the better qualities of beef (particularly choice cuts), ham, sliced bacon, loins and the choice cuts of lamb and veal.

The milk supply will be about the same this year as last but will be seasonally less during late summer and fall.

There will be less butter in the next six months than in the first half of 1944 but more than in the same period of 1943.

Egg production is expected to decline more than seasonally, but the large storage stocks accumulated this spring will be available for civilians. Poultry supplies are increasing and a heavy culling program is being encouraged by the government.

Fresh vegetables will continue in reasonable supply but not in record volume as occurred this spring. Vegetables canned from this year's crop will be less abundant than in 1943, particularly since noncivilian requirements have increased.

A 10 percent larger citrus fruit crop is in prospect this fall, and more peaches, apricots and cherries than last year are in sight. A 30-percent increase in grapefruit juice is indicated. Not only is there a bumper peach crop in Illinois, but the government reports that the prospect for peaches in 10 southern states is more than twice as great as last year and only about 15 percent below the 10-year average. There is a big increase in the crop of Florida Valencia oranges which are now coming to market.

Butter and cheese set aside. The War Food Administration has reserved 45 percent of July and 30 percent of August butter production and 60 percent of July and August Cheddar cheese production for direct war uses. Civilians will receive about the same quantity of butter from July and August production as from May and June production, but they are expected to get somewhat more Cheddar cheese from July and August production than the average supply that has been available to them in the past 12 months.

Incentive payments for harvesting seeds. The House of Representatives has approved a fund of $12½ million for incentive payments for the harvesting of seeds of grasses and legumes.

Army trucks and agricultural machinery for farmers. James F. Byrnes, War Mobilization Director, said that 10 thousand surplus army trucks and an unstated amount of surplus agricultural machinery now at army depots are ready for disposal to farmers under allocations to be based on information obtained by state and county Agricultural Adjustment Administration committees.

What others say. Claude Wickard, Secretary of Agriculture, said that peacetime farm production of 50 percent more than prewar levels is a decided possibility and may pose a serious surplus problem. He was talking to regional directors of the Farm Credit Administration at Kansas City June 15. Mr. Wickard thought that the greatly increased production after the war is a wonderful prospect but wondered what we are going to do with that quantity of farm products. Even with a normal increase in our population, there would still be about 10 percent of our production left for export. This would be more than we exported before the war.

Chester Bowles, Price Administrator, asked industry to price its postwar output low enough to tap mass markets. He indicated that it is only these markets that keep our vast production capacity in operation and that unless industry follows this policy vigorously there is little prospect of maintaining a high level of national income and production. He argued for flexibility in the price structure, although continuing to seek stability of the general price level while maintaining a reasonable balance of the price level with costs.

Leonard Spangenberg, vice president of Babson's Reports, said June 19 that history's worst depression is scheduled for 1950. He predicted excellent business for three or four years after the war but said, "You can't legislate out a depression, for the law of supply and demand is on the statute books for keeps." He named good stocks and real estate as best current investments.

U. S. income and its use in 1943. The following table of statistics gives a comparison of incomes received by people of the United States in 1943 and 1942 and how people used their incomes.

	Full year 1942	Full year 1943
	(in billions of dollars)	
1. Income, expenditures and taxes of individuals		
Total income payments	116.6	142.3
Personal taxes (federal, state and local)	6.6	18.3
Income after taxes (disposable income)	110.0	124.0
Spent on goods and services	82.0	91.0
Income over taxes and spending (a)	28.0	33.0

Table (cont.)

	Full year 1942	Full year 1943
	(in billions of dollars)	
2. Savings and investments		
Net purchases U. S. bonds	9.9	13.8
Additions to private insurance and pension reserves	2.4	3.1
Savings deposits	.9	4.5
Other savings (excluding currency and checking accounts)	3.3	1.1
Total savings and investments (b)	16.5	22.5
3. Excess - additions to cash in people's pockets and individual checking accounts		
Income over taxes and spending (see (a) in table on previous page)	28.0	33.0
Total savings and investments (see (b) above)	16.5	22.5
Excess	11.5	10.5

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics

(Prepared July 6)

Wheat prices declined during the past week largely as a result of optimism concerning the new wheat crop and the feeling that nothing definite will be done in the near future to carry out the provision of the price control bill that orders the President to use all lawful means to obtain parity prices. A sharp recovery Wednesday resulted from government buying.

During the last few days of June there was a sharp rise in the prices of non-government-weight hogs at Chicago. That was followed by a high of $13.85 Monday, July 3, the first time since April that hogs at Chicago sold above the support price. It is the general consensus of opinion that hog prices will continue to improve.

For the month of June the outstanding development in the movement of livestock to market was the fact that calf receipts were 65 percent above June receipts of 1943 at 12 public markets. On the other hand, receipts of hogs at these markets in June were only 14 percent above June 1943; and cattle receipts were up 24 percent. In May receipts of feeder and stocker cattle at four markets were 34 percent below May 1943, but for June they were down only 9 percent.

The beef cattle situation promises disturbances of the same nature as occurred with hogs. The goal for cattle slaughter is 36½ million head by the end of 1944. During June cattle receipts were a little higher than a year ago, but the rate of increase is not enough higher to reach 36½ million head without considerable acceleration in marketings. The War Food Administration hopes to prevent a piling-up of beef cattle such as occurred with hogs. Professor Stico, in another section of this report, makes some suggestions to those having fat cattle.

There has been a reduction in feeder cattle prices recently which has induced more shipments to corn-belt feedlots. The demand has been limited, but some of the larger feeders have started buying. It is generally believed that with the spread widened between stocker and feeder cattle and good fed stuff there will be a rather heavy movement to the feedlots as soon as a good corn crop is assured.

The Office of Price Administration announced price ceilings on alfalfa hay. For the area that includes Illinois, the ceiling price to the producer will be as follows: May to October inclusive, $20.50; November, $21.00; December, $21.50; January to April inclusive, $22.00.

In looking ahead to the postwar period, the major effort of the government will be to take such steps as will be necessary to prevent a collapse in employment, payrolls and prices. It is expected that the federal debt will approximate $250 billion and that the annual federal budget will have to be approximately $20 billion. Taxes on individual incomes probably will not be greatly reduced except for the 3 percent victory tax, at least for a year or two after the end of the war.

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University of Illinois College of Agriculture, Urbana

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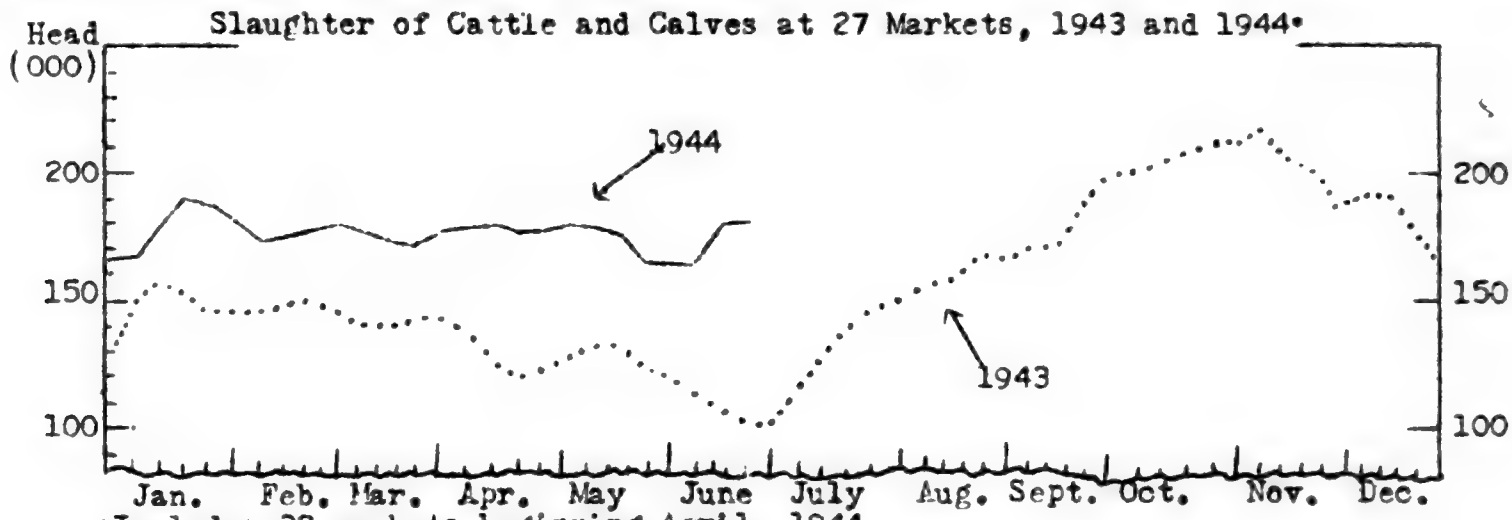
MARKET GRASS-FAT CATTLE NOW

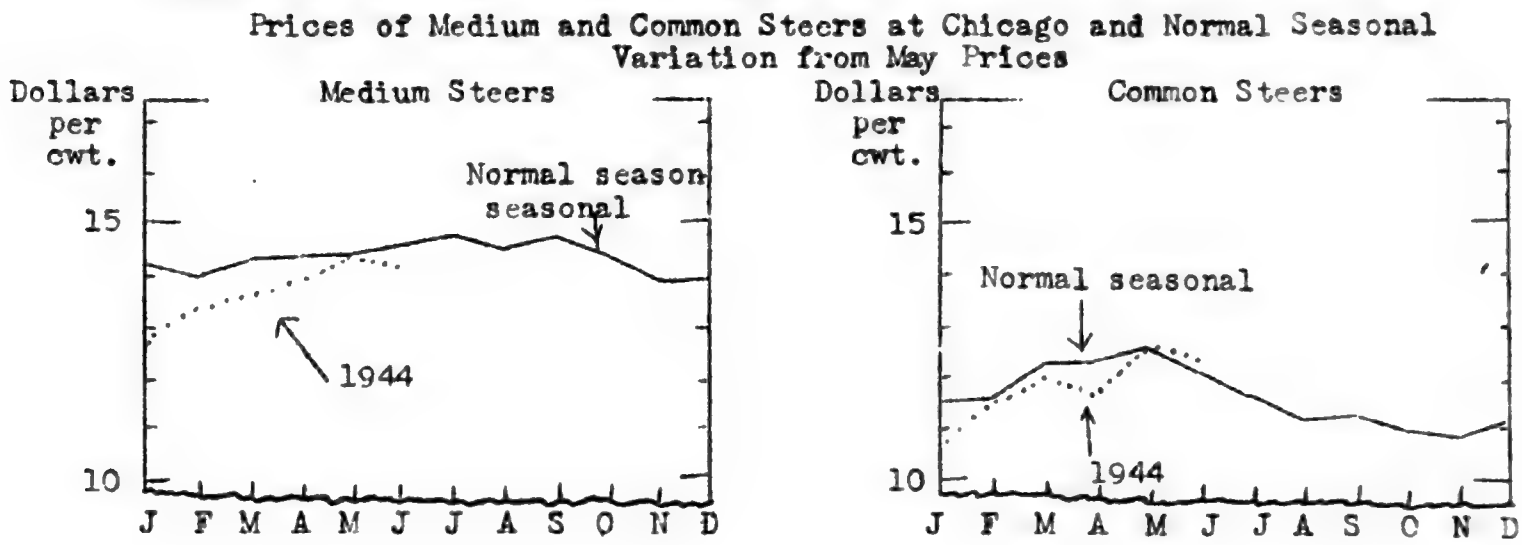
By L. F. Stice, Extension Marketing Specialist

Under existing conditions further delay in marketing grass-fat cattle is not advisable. Slaughter of cattle and calves is usually at a seasonally low level at about this time of the year, and prices of grass-fat slaughter cattle and lower grades of steers reach a seasonal peak (see charts below).

This year with cattle numbers of farms at an all-time high of 82 million head January 1, 1944, the movement of grass cattle to market will be heavy in the fall months and is likely to come earlier than in 1943. In fact, the low point in cattle slaughter for 1944 probably occurred in the latter part of May and early June, whereas it was in late June and early July last year (see charts). Prices of medium and common slaughter steers and of slaughter cows have already declined some but will undoubtedly go lower. Generally, a wise policy is to market cattle which are not to be fed as soon as they are grass fat. Whether or not gains on thinner cattle will offset the expected decline in price is more or less an individual problem.



*Includes 32 markets beginning April, 1944



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By G. L. Jordan
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(Prepared July 6)

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Commodity Prices at Chicago

	Cash		September futures (close)	
	Wednesday July 5, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$1.58¼	$1.64	$1.58 3/8	$1.58 3/4
Corn (No. 2 yellow)	1.16***	1.16***	--**	--**
Oats (No. 2 white)	--	--	.73 3/4	.70 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.333	.333		
Hogs (top price paid)	13.90	13.75****		
Cattle (top price paid)	17.50	17.50		
Hog-corn ratio, Chicago, July 1	10.9	10.9		

*Ceiling prices.
**Trading in corn futures is not permitted.
***Quotations. No cash sales.
****Government support price.

Grain prices. Wheat prices have declined during the past week largely as a result of optimism concerning the new wheat crop and the feeling that nothing very definite will be done in the near future by the administration in the way of carrying out the provision of the price control bill that orders the President to use all lawful means to obtain parity prices. There was a sharp recovery Wednesday caused by government buying of wheat. The government will buy at not more than six cents above the loan price of wheat stored in warehouses. Several cars of cash wheat were sold at Chicago this week.

Although certain areas in northeastern Illinois have been seriously damaged by too much rainfall, some areas in southern Illinois are suffering from drouth, and chinch bugs are pretty bad over most of the commercial corn-belt area from the Hoopeston-Peoria line south, corn has made good progress during the past few weeks. Most of the corn belt could stand a little more rainfall at the present time, but the need is not particularly urgent.

Hog prices rising. During the last few days of June there was a sharp rise in the prices of nongovernment-weight hogs at Chicago. That was followed by a high of $13.85 Monday, July 3, the first time since April that hogs at Chicago sold above the support price. It is the general consensus of opinion that hog prices are on the up-grade and will continue to improve.

Livestock receipts. For the month of June the outstanding development in the movement of livestock to market pertained to calves. Calf receipts were 65 percent above June receipts of 1943 at 12 public markets. In May they were up 52 percent. On the other hand, receipts of hogs at these markets in June were only 14

percent above June 1943; in May they were up 52 percent. Cattle receipts were up 24 percent for June compared to 18 percent in May. There is also some change in the feeder and stocker cattle markets. In May receipts at four markets were 34 percent below May 1943, but for June they were down only 9 percent. For the six months January to June they were down 34 percent. The average weight of hogs received at Chicago was 240 pounds in June compared to 250 pounds a year ago and 244 pounds in May.

Not only are hog receipts declining fast enough to eliminate the price depressing carry-overs of recent weeks and to force packers to sharply increase their bids, but the government also reports that the cold-storage situation is improving so rapidly that we shall probably be able to take care of all our produce for the rest of the year.

Prices of farm products. In reporting prices received by farmers as of June 15, the State Agricultural Statistician said that Illinois prices dropped three points during the past month and prices were only a fraction of 1 percent above June 1943. For the month all prices except those of poultry and eggs showed declines. Poultry and eggs were selling at extremely low levels in May. Ratio of prices received to prices paid dropped from 110 percent of the base period in May to 106 percent in June. For the United States the decline was from 111 percent to 110 percent. Prices paid by farmers remained unchanged.

The Bureau of Agricultural Economics reports some slackening of industrial production since last fall, and that the number of persons employed in nonagricultural establishments is smaller than a year ago by more than a million. However, the general trend of average hourly and weekly earnings of factory workers has been upward for many months, and there are no signs of any decline in the buying power of civilians. Nonagricultural income payments are still about 10 percent above a year ago. Under these circumstances it would be logical to expect farm prices to be influenced almost entirely by changes in supplies and government regulations.

The price control bill. The price control extension act signed by the President excluded the item reported in the June 15 review which required processors of agricultural products who failed to pay parity prices to charge no more than 90 percent of the OPA ceiling price for a finished article. Instead the responsibility was placed upon the President to make an effort to obtain as near parity as possible for agricultural products. The greatest pressure for the amendment to force the payment of parity prices came from the cotton states. As a result, the Office of Price Administration has already raised the price ceiling which manufacturers may charge for cotton goods. Most of those price increases will be passed on to the consumer. The action will have a tendency to strengthen the price paid for cotton. It is very likely that any plan that the government would use to raise wheat prices to parity would require appropriations. With Congress on vacation until after Labor Day, no such appropriation can be made now.

Beef cattle. The beef cattle situation promises disturbance of the same nature as in the hog marketing situation during the past few months. The goal for cattle slaughter is 36½ million head by the end of 1944. During June cattle receipts were a little higher than a year ago, but the rate of increase is not enough higher to reach 36½ million head without considerable acceleration in marketings. The War Food Administration hopes to prevent a piling-up of beef cattle such as occurred with hogs. Professor Stice, in another section of this report, makes some suggestions to those having fat cattle. Unless the peak of marketing is reached earlier than last year, packers, operating with greatly reduced personnel, will find themselves unable to handle the deluge of cattle that will come from the ranges and the corn belt in October. The railroads have given assurance that they can supply the livestock cars

if the cattlemen will spread their shipments out over the next few months. They do not guarantee to furnish all the cars needed in October if there is a heavy concentration of shipments then.

There has been a reduction in feeder cattle prices recently which has induced more shipments to corn-belt feedlots. The demand has been quite limited, but some of the larger feeders have started buying, and it is generally believed that with the spread widened between stocker and feeder cattle and good fed stuff there will be a rather heavy movement to the feedlots as soon as feeders feel assured of a good corn crop.

Ceilings on alfalfa hay. The Office of Price Administration announced price ceilings on alfalfa hay on June 29. They gave their reasons for the price ceiling, "To curb mounting prices of alfalfa hay and to prevent resultant price rises of such essential commodities as livestock and livestock products." There have been price ceilings in eight western states and part of Texas. The new regulation places dollar and cents ceilings on all levels from the grower through the retail dealer. For the area that includes Illinois, Iowa, Indiana, Wisconsin and Missouri, the ceiling price to the producer will be as follows: May to October inclusive, $20.50; November, $21.00; December, $21.50; January to April inclusive, $22.00.

Taxes. In looking ahead to the postwar period, the major effort of the government will be to take such steps as will be necessary to prevent a collapse in employment, payrolls and prices. It is expected that the federal debt will approximate $250 billion, that the annual federal budget will have to be approximately $20 billion and that any concessions in the form of reduced taxes will come first in those items in which heavy taxes have a tendency to prevent the flow of capital into new and risky businesses. Concessions to individual tax payers probably will come later and in the form of reductions of excise taxes and the elimination of the 3 percent victory tax. Other taxes on individual incomes probably will not be greatly reduced except for the 3 per cent victory tax, at least for a year or two after the end of the war. Probably there will be a tendency to tax least those individuals who are obliged to spend practically all of their income as living expenses and to tax heaviest those individuals a large fraction of whose income would be saved. Evidently there is a feeling that sufficient funds will be forthcoming for the promotion of business activity without offering special inducement to individual savers. There has been some indication in the postwar planning activities of local communities that funds for pump-priming purposes to be furnished by the federal government are expected immediately after the war. It is doubtful if such a policy will be followed. The first objective probably will be to balance the budget.

War money conference. An international money conference is being held at Bretton Woods, New Hampshire. The principal object is to work out some sort of stability in the postwar currency values and exchange rates. The secondary object would be to use money as a measure of preventing severe crises during the postwar adjustment period. Under the plan being studied countries needing help could obtain it from a special stabilization fund or money pool. The money pool would be about $8 billion, of which the United States would contribute $2½ billion and Britain $1¼ billion.

Many nations will be bankrupt at the end of the war. The Japanese yen and the German mark probably will be practically worthless. Already the Chinese currency has greatly depreciated in value with a very wild inflation in progress. There is also inflation in Greece and other countries. The heavy debts of all countries will

be a serious problem. The British debt will probably be near $90 billion compared to $38 billion after the last war, and for the United States $250 billion compared to $26 billion. Foreign trade cannot be carried on without stability of exchange, and the recovery is not possible without a certain amount of foreign trade, particularly for debtor countries. Monetary controls are basic to postwar readjustments and much more important at all times than the general public realizes.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared November 9) 1944

Hog prices staged a strong comeback this week, the top price Tuesday reaching $14.65--within ten cents of the ceiling. Average prices at Chicago were $14.40, the highest in ten days. A week earlier the average was $13.80. This quick and strong recovery seems to justify the contention of livestock men and economists that the current livestock situation is inherently sound. The demand remains strong, and numbers are substantially below last year. (See Professor Stice's special section relating to the hog market.) Steers made a new top since November 1937 at $18.50 at Chicago.

For the month of October receipts of salable hogs at 12 public markets were 15 percent below October 1943. Receipts of salable cattle at these 12 markets were 15 percent higher for the month of October than a year earlier, and calf receipts were up 34 percent. The number of feeder and stocker cattle sold at four markets (Chicago, Kansas City, Omaha and St. Paul) during October was 10 percent below the October 1943 figure. However, for the four months July to October, inclusive, sales of feeder and stocker cattle at these four markets were practically unchanged from a year earlier.

The U. S. Department of Agriculture has summarized its latest feed situation report as follows: Total feed concentrate supplies for the 1944-45 feeding year, including feed grains, will be the third largest on record, but will be somewhat smaller in volume than in 1943-44. The supply per animal unit may be about 10 percent larger than in 1943-44 and slightly larger than in 1938-42, when feed grain reserves were being accumulated. Disappearance of feed grains probably will not be so large in 1944-45 as in the previous two years, and reserves are expected to be built up from the relatively low level reached at the end of 1943-44. Supplies of by-product feeds probably will be slightly larger in volume and larger per animal unit in 1944-45 than a year earlier. Oilseed cake and meal supplies will be slightly smaller.

The War Food Administration is expected to ask farmers to continue "all-out" food production again in 1945. The 1945 food and fiber crop goals are expected to call for 363 million acres, or four million acres more than the acreage planted this year. It is doubtful that there will be any cut recommended in corn acreage in spite of the fact that hog numbers have been greatly reduced. Wheat acreage has already been announced at two million acres above 1944. Probably oats and barley acreage goals will remain about the same. No substantial change is expected for soybean acreage.

The U. S. Department of Agriculture forecasts some reduction in prices received by farmers. The costs of commodities farmers buy, particularly food for family living and feed for stock, are also expected to decline, but the prices of farm products are likely to decline more than costs. This does not mean that a serious depression is likely in the near future. Weaknesses are likely to appear only in prices of commodities which are relatively plentiful.

Farmers may now sell their turkeys to whomever they wish.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

WHAT'S AHEAD IN HOG PRICES?

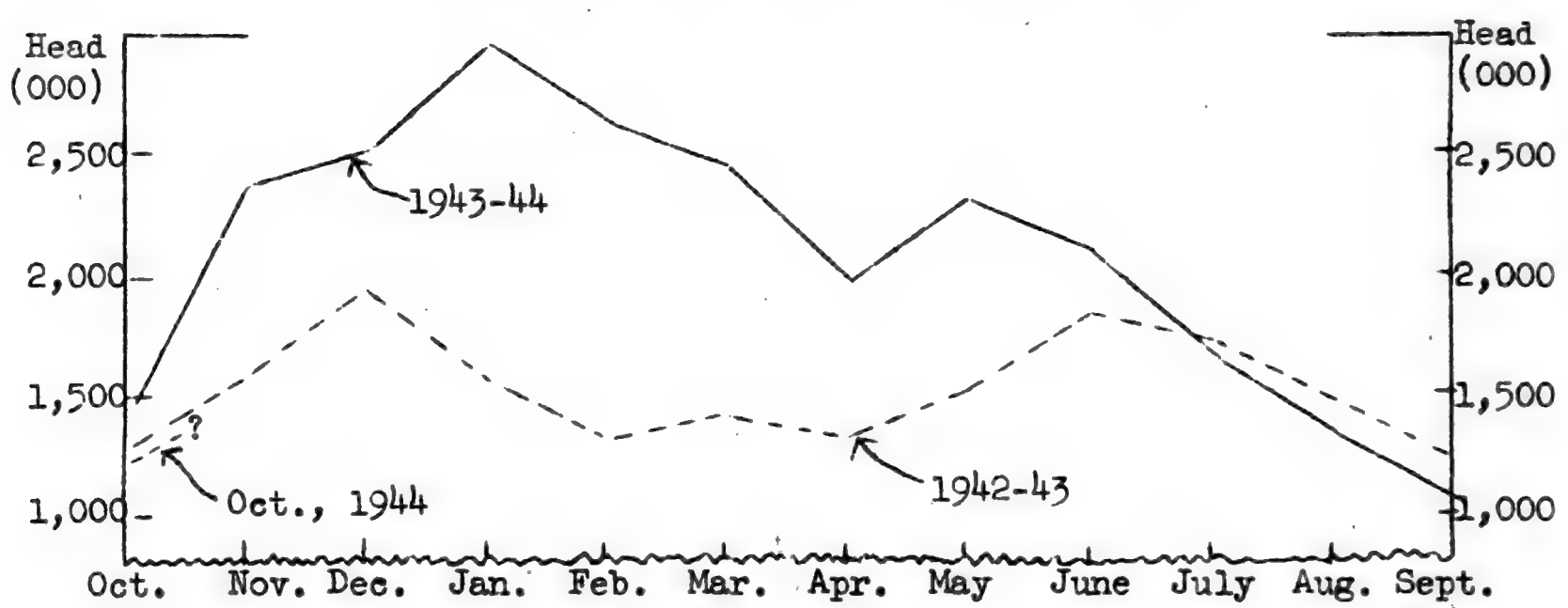
By L. F. Stice, Extension Marketing Specialist

The recent unexpected slump in hog prices has undoubtedly caused many producers to wonder what's ahead in hog prices this winter. Some weakness in prices and closer grading were to be expected as hog receipts increased with the marketing of the spring pig crop, but the decline was more sudden and severe than can be explained by changes in demand and supply conditions.

Receipts of salable hogs at 12 public markets during September were officially estimated at 1,083,000 compared with 1,357,000 in September 1943. October receipts increased to 1,243,000, but this was 231,000 head below those for October 1943 and 28,000 below receipts for October 1942 (see chart below). Moreover, hog receipts at these markets the week ending November 4, 1944, were 327,746 compared with 500,724 for the same week in 1943.

The civilian demand for pork and pork products is not being supplied and may be expected to continue strong during the coming months. Although shortage of labor in packing plants may have been a contributing factor, the most likely explanation is that packers took advantage of the increased market receipts to reduce their costs of purchases from the level they were paying during the months of short receipts. Undoubtedly receipts will continue to increase until a peak is reached in December or January, but because of the 24 percent reduction in the spring pig crop, they will not be so large as a year ago. Hog prices will continue to show some weakness during this period of seasonally heavy marketing, but the decline should not be so severe as a year ago.

MONTHLY RECEIPTS OF SALABLE HOGS AT 12 PUBLIC MARKETS, OCTOBER 1942 TO OCTOBER 1944



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared November 9)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part ot the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday November 8, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.71¼**	$ 1.70**	$1.64¼	$1.62 5/8
Corn (No. 2 yellow)	1.13½	1.16	1.09½	1.08 5/8
Oats (No. 2 white)	.68**	.67**	.64 7/8	.63 1/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.41-.44	.41-.44		
Hogs (top price paid)	14.50	14.00		
Cattle (top price paid)	18.50	18.40		
Hog-corn ratio, Chicago, November 4	12.5	12.8		

*Ceiling prices.
**Quotations. No cash sales.

Hog prices staged a strong comeback this week, the top price Tuesday reaching $14.65--within ten cents of the ceiling. Average prices at Chicago were $14.40, the highest in ten days. A week earlier the average was $13.80. This quick and strong recovery seems to justify the contention of livestock men and economists that the current livestock situation is inherently sound. The demand remains strong, and numbers are substantially below last year. (See Professor Stice's special section relating to the hog market).

The cattle market has remained fairly steady, but a new top since November 1937 at $18.50 was paid Wednesday, November 8, at Chicago. This price was paid for two loads of highly finished 1,020- and 1,047-pound yearlings. Lamb prices have also been steady, with the top quotation on native lambs in Chicago at $14.40. Western lambs brought $14.00.

Livestock receipts. For the month of October, receipts of salable hogs at 12 public markets were 15 percent below October 1943. At Chicago the average weight of barrows and gilts was 226 pounds compared to 233 pounds in October 1943. The average cost to packers this year was $14.62 compared to $14.66 last year. Receipts of salable cattle at these 12 markets were 15 percent higher for the month of October than a year earlier, and calf receipts were up 34 percent. The number of feeder and stocker cattle sold at four markets (Chicago, Kansas City, Omaha and St. Paul) during October was 10 percent below the October 1943 figure. However, for the four months July to October, inclusive, sales of feeder and stocker cattle at these four markets were practically unchanged from a year earlier. Receipts of salable sheep at 12 markets were 11 percent below October 1943.

The feed situation. The U. S. Department of Agriculture has summarized its latest feed situation report as follows: "Total feed concentrate supplies for the 1944-45 feeding year, including feed grains, probable imports of grain, the quantity of wheat and rye fed, oilseed cake and meal, animal proteins, and other mill-byproduct feeds, will be the third largest on record, but will be somewhat smaller in volume than in 1943-44. The supply per animal unit may be about 10 percent larger than in 1943-44, and slightly larger than in 1938-42, when feed grain reserves were being accumulated.

"The 1944-45 domestic supply of feed grains--corn, oats, barley, and grain sorghums--is indicated at 130.5 million tons, 1 percent below the 1943-44 supply. With fewer numbers of livestock on farms, the 1944-45 feed-grain supply may be 13 to 15 percent larger per animal unit on farms than in 1943-44. Disappearance of feed grains probably will not be so large in 1944-45 as in the previous 2 years, and reserves are expected to be built up from the relatively low level reached at the end of 1943-44. The quantity of wheat and rye fed in 1944-45 probably will be much smaller than in either of the previous two years, reflecting the improved situation for feed grains. Supplies of byproduct feeds probably will be slightly larger in volume, and larger per animal unit in 1944-45 than a year earlier. Oilseed cake and meal supplies will be slightly smaller."

Crop goals for 1945. The War Food Administration is expected to ask farmers to continue "all-out" food production again in 1945. Military demands are expected to continue at high levels. Some food will be needed for relief feeding, and civilians will be able to pay for large supplies if available. The 1945 food and fiber crop goals are expected to call for 363 million acres, or four million acres more than the acreage planted this year. It is doubtful that there will be any cut recommended in corn acreage in spite of the fact that hog numbers have been greatly reduced. Wheat acreage has already been announced at two million acres above 1944. Probably oats and barley acreage goals will remain about the same. No substantial change is expected for soybean and peanut acreages. However, the government will ask farmers to greatly increase their acreages of sugar beets and flax. Farmers have been asked to cut laying flocks by 15 percent. The relatively high level of support prices has induced heavy production of eggs, and it may be necessary to reduce flocks more than 15 percent. An increase of one million head in cattle slaughter is asked for 1945. Hog goals have not been decided.

Large world wheat crops. The U. S. Department of Agriculture reports that the 1944 world wheat crop, excluding Soviet Russia and China, is apparently the largest since 1939, although moderately above the 1943 crop. The large increase in North America more than offsets declines in Europe, India and North Africa and prospective reductions in the Southern Hemisphere countries. The estimated production in Europe is below last year and below the prewar average for the fifth consecutive year. Stocks of wheat in the United States on October 1 totaled 1,107 million bushels, almost as large as the 1,111 million bushels in 1943, which was the third largest on record.

Farm income up. Cash receipts from farm marketing for the ten months January through October this year were slightly in excess of $16 billion, 6 percent above the corresponding period of 1943. September receipts were one percent above the same month in 1943. Receipts from crops rose 33 percent above August, the greatest increase coming from cotton and tobacco. Income from livestock and livestock products was only slightly greater than in August and less than the normal seasonal gain. Hog slaughter

was the lowest in September of any month in 1943 or 1944 to date. The current estimate for total cash receipts for October is $2,255 million compared with about $1,953 million in September and $2,253 million in September 1943.

The U. S. Department of Agriculture forecasts some reduction in prices received by farmers. The government suggests that, because of declining demand together with an unprecedentedly large production of agricultural production in 1944 and the large carry-over of certain products into 1945, some reduction in the prices received by farmers in 1945 is likely. The price support measures will, of course, limit price declines for at least two years after the end of the war. Prices which will be supported under current laws and regulations have accounted for about two-thirds of the cash farm income in recent years.

The costs of commodities farmers buy, particularly food for family living and feed for stock, are also expected to decline. However, there will be a tendency for farmers' costs to rise in relation to the prices received for farm products. Both may decline, but the prices of farm products are likely to decline more than costs. This does not mean that a serious depression is likely in the near future. In fact, the Bureau of Agricultural Economics expects total demands for farm products to be almost as high in 1945 as in 1944. Some decline in national income is expected as a result of reduced employment, particularly overtime, in a number of important industries. However, consumer expenditures are not expected to drop as much as national income, and the demand for many farm products at ceiling prices may continue to exceed supplies. The weaknesses are likely to appear only in prices of commodities which are relatively plentiful.

Turkey set-aside order suspended. Farmers may now sell their turkeys to whomever they wish. Although the War Food Administration has not obtained quite all the turkeys they need, they expect to be able to fulfill their requirements from turkeys processed prior to November 6 plus the fulfillment of contracts made for the future delivery of turkeys.

Farm population declines 4.7 million since 1940. The phenomenal production record of farmers appears more spectacular in the light of statistics recently released by the Bureau of Agricultural Economics which show that the nation's farm population declined 4,748,000 in the past four years. Only 25½ million persons were living on farms January 1, 1944, against 30¼ million in 1940. The net loss to the armed forces during this period was 1,650,000. Four million 660 thousand persons of both sexes and all ages either moved away from farms or now live on places no longer regarded as farms. On the other hand, there was a net gain of 1,562,000 through the excess of births over deaths.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared December 7)

With the winter movement of hogs well under way, top prices at Chicago dropped below $14 Monday, December 4, for the first time since July 19. The top was $13.90, only 10 cents above the average price of $13.80. There was only a small spread between the prices received for various weights.

All grains were especially strong during the past week. Wheat prices were up about two cents, corn up one cent, and oats up one cent or more. Corn prices probably were strengthened slightly by the purchase by the government of 800,000 bushels of corn for shipment to the United Kingdom under lend-lease. The government purchased the corn at ceiling prices. The longer time outlook for corn prices is affected by the fact that we have a very large corn crop and that livestock numbers have been reduced somewhat.

The War Food Administration estimates that the pork supply for the nation in 1945 will be from 15 to 20 percent less than this year as a result of a large reduction in the number of hogs. With the increase in marketings during December and January, a somewhat larger civilian supply of pork chops and some other cuts will be available to civilians, but no appreciable improvement in the quantity of bacon for civilians is expected before next February or March because of the time required for curing.

Taking all meats into consideration, some form of rationing or other restrictions on civilian consumption of better grades of meats may be maintained throughout 1945 and possibly into 1946, even if the war with Germany should end early in the year. If the war in Europe continues through 1945, the per capita supply of meat for civilians will be about 123 pounds next year compared with 132 pounds if Germany is defeated within the next few months, and with 144 pounds consumed in 1944. In order to take care of the armed forces, the government has recently raised the quantity of both beef and pork which packers are required to set aside for government purchase.

For the United States actual prices received by farmers as a percentage of parity or comparable prices on November 15 are listed in order:

	% of parity		% of parity		% of parity
Turkeys	137	Lambs	121	Corn	96
Wool	129	Veal calves	112	Wheat	95
Apples	128	Milk	112	Eggs	92
Beef cattle	125	Hogs	109	Barley	91
Soybeans	125	Butterfat	106	Rye	88
Chickens	123	Oats	97	Hay	77
		All farm products	115		

The U. S. Department of Agriculture estimates that prices received by dairy farmers will decline less than seasonally from December through March and will probably average about the same as a year earlier. However, returns to dairy farmers will be at the highest level ever reported for that period as a result of the higher dairy production payments. Milk- and butterfat-feed price ratios will be more favorable than other important livestock-feed price ratios.

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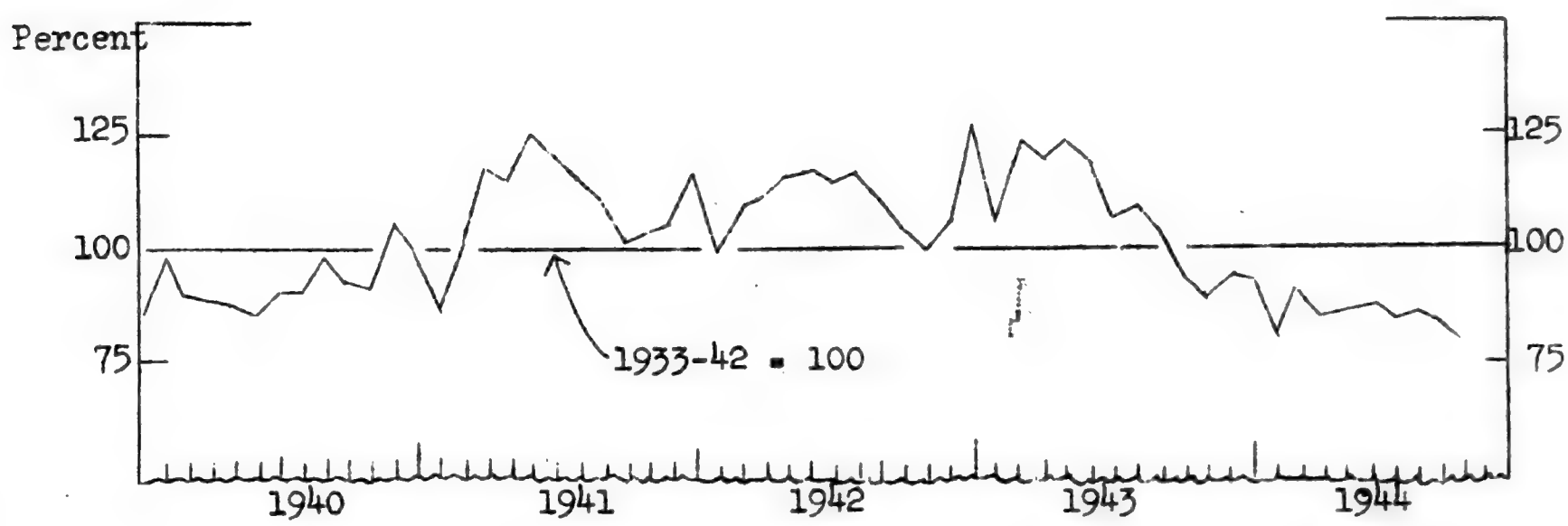
HEAVY CULLING OF HENS NEEDED THIS WINTER
By L. F. Stice, Extension Marketing Specialist

Close culling of hens this winter is needed in order to bring egg production during the first half of 1945 in line with prospective needs. Why? The government has enough eggs on hand now to meet 1945 lend-lease requirements for dried eggs. These stocks of eggs were bought by the government in its effort to support farm egg prices in 1944. The government will again attempt to support egg prices, but with production at a high level and with a reduced demand, the task may become extremely difficult.

War food goals for 1945 call for a 16-percent decrease in egg production, but with the present number of hens on farms, production is expected to be only 8 to 12 percent lower. To meet this problem farmers are asked to cull 50 million hens between November 1944 and January 1, 1945. The goal for Illinois calls for the culling and marketing by March 1, 1945, of roughly one out of every four hens now on farms. This should be selective culling and not wholesale liquidation.

In addition to the problem of too many eggs, there are other reasons for culling hens. Poultry meat is in strong demand for military and civilian use. Also, it is questionable whether some hens are paying their way if costs of farm grains are considered. The present egg-feed price relationship is much less favorable than in recent years (see chart) and will not improve during the first half of 1945.

EGG-FEED PRICE RATIO, 1940-1944
Index Numbers (1933-42 = 100)



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(Prepared December 7)

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Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday December 6, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.71 3/8**	$ 1.71 3/8**	$1.66 3/4	$1.65¼
Corn (No. 2 yellow)	1.16**	1.15½**	1.13 3/4	1.12½
Oats (No. 2 white)	.75**	.73**	.69 5/8	.68 5/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.40-41½	.39-.41		
Hogs (top price paid)	14.20	14.00		
Cattle (top price paid)	18.00	18.50		
Hog-corn ratio, Chicago December 2	12.6	13.2		

*Ceiling prices.
**Nominal. No cash sales.

With the winter movement of hogs well under way, top prices at Chicago dropped below $14 Monday, December 4, for the first time since July 19. The top was $13.90, only 10 cents above the average price of $13.80. There was only a small spread between the prices received for various weights: 140-160 pound light hogs sold at $13 to $13.50; 170-190 pounds at $13.65 to $13.85, while heavy hogs from 200 to 350 pounds sold at $13.80 to $13.90. Most 300-600 pound sows sold at $13.65 to $13.75. Tuesday hog prices recovered about 10 cents.

All grains were especially strong during the past week. Wheat prices were up about two cents, corn up one cent, and oats up one cent or more.

Corn prices probably were strengthened slightly by the purchase by the government of 800,000 bushels of corn for shipment to the United Kingdom under lend-lease. Although this is an insignificant fraction of our total supply, the government purchased corn at ceiling prices, and it does have a bullish effect. During the past week the government also authorized distillers to purchase unlimited supplies of high-moisture corn for the manufacture of industrial alcohol. Although it does not specify exactly what high-moisture corn consists of, the trade presumes this to be corn showing more than 23 percent moisture. This may help relieve the congested market for high-moisture corn, but it will also reduce the distillers' demand for substitute grains. The longer time outlook for corn prices is affected by the fact that we have a very large corn crop and that livestock numbers have been reduced somewhat.

1945 pork supply reduced. The War Food Administration estimates that the pork supply for the nation in 1945 will be from 15 to 20 percent less than this year as a result of a large reduction in the number of hogs. With the increase in

marketings during December and January, a somewhat larger civilian supply of pork chops and some other cuts will be available to civilians, but no appreciable improvement in the quantity of bacon for civilians is expected before next February or March because of the time required for curing.

Currently the armed forces require about 40 percent of the total pork production. The quantity needed for the Army will probably decline considerably with the defeat of Germany, but unless that occurs within the next few months, the quantity available to consumers will probably decline further.

Taking all meats into consideration, some form of rationing or other restrictions on civilian consumption of better grades of meats may be maintained throughout 1945 and possibly into 1946, even if the war with Germany should end early in the year. If the war in Europe continues through 1945, the per capita supply of meat for civilians will be about 123 pounds next year. If Germany is defeated within the next few months, the supply would be about 132 pounds. In either case, we shall eat considerably less than the 143 pounds which will be consumed in 1944. In case the war continues through 1945 the per capita civilian supply of meats will be divided about as follows: beef, 59.6 pounds; veal, 10.9 pounds; lamb and mutton, 4.9 pounds; and pork, 47.3 pounds. Should the war end earlier in the year, the civilian supply will be as follows: beef, 59.1 pounds; veal, 11 pounds; lamb and mutton, 5.3 pounds; and pork, 56.1 pounds, according to the War Food Administration.

In order to take care of the armed forces, the government has recently raised the quantity of both beef and pork which packers operating under federal inspection are required to set aside for government purchase.

Large supplies of by-product feeds in prospect. The War Food Administration estimates that the supply of by-product feeds and oilseed cakes and meals for the 1944-45 season may equal the record production of 1943-44, or nearly 50 percent above the recent 10-year average. As a result of increasing demands for flour for domestic and military needs, production of wheat mill feeds reached a new high in 1943-44. With the coming year, we have a record wheat crop and even larger demands for flour in prospect, so a 5-percent increase in wheat mill feeds is anticipated. The supply of oilseed cakes and meals for 1943-44 was larger than the previous season in spite of a 10-percent drop in cottonseed cake and meal. The total supply was almost double the previous 10-year average, largely as a result of a new high record production of soybean meal. Prices of all by-product seeds have been steady at approximately ceiling levels.

November 15 farm prices. Both prices of farm products and farm costs rose slightly during the month ending November 15, with the result that local market prices rose one point to reach 115 percent of parity. During the month the decline in prices of hogs, cotton, oranges and corn was more than offset by a rise in the prices of other important farm products. The principal grains, hay and eggs are still below parity. For the United States actual prices received by farmers as a percentage of parity or comparable prices on November 15 are listed in order:

	% of parity		% of parity		% of parity
Turkeys	137	Lambs	121	Corn	96
Wool	129	Veal calves	112	Wheat	95
Apples	128	Milk	112	Eggs	92
Beef cattle	125	Hogs	109	Barley	91
Soybeans	125	Butterfat	106	Rye	88
Chickens	123	Oats	97	Hay	77

The dairy situation. The U. S. Department of Agriculture estimates that prices received by dairy farmers will decline less than seasonally from December through March and will probably average about the same as a year earlier. However, returns to dairy farmers will be at the highest level ever reported for that period as a result of the higher dairy production payments. Milk- and butterfat-feed price ratios will be more favorable than other important livestock-feed price ratios. As a result, milk production in 1945 may reach 119 billion pounds. During September, creamery butter production was estimated at 113 million pounds, 10 percent less than in September 1943.

The fruit situation. The U. S. Department of Agriculture summarizes the fruit situation for 1944 and 1945 as follows: Prices received by farmers in 1944 for fruit, both citrus and deciduous, generally were at levels approximately twice the averages for the five-year (1935-39) period. Prices for the 1943-44 citrus crop averaged slightly above prices for the preceding crop. In contrast, prices for most deciduous fruits of the 1944 crop are averaging slightly below those for the short 1943 crop. Although the 1944 apple crop is about one-third larger than the 1943 crop, prices received by farmers for apples on October 15, 1944, were nearly as high as a year earlier. Continued high consumer incomes and large noncivilian requirements are the principal factors contributing to the relatively high prices received by farmers for fruit this year.

During 1944, fresh fruits have been the principal class of fruit available to civilians. Supplies of fresh citrus fruits from the record-large 1943-44 crop, most of which was marketed in 1944, have been generally plentiful. Civilian supplies of fresh deciduous fruits from the generally large 1944 crops also have been plentiful. However, civilian supplies of canned fruits continued short because of large noncivilian requirements. Approximately 16 million tons (fresh basis) of fruit were produced in 1944, setting a new record. The record-large citrus crop of 1943-44, marketed chiefly in 1944, was about 54 percent larger than the 10-year (1933-42) average.

The new 1944-45 crop is expected to be only about 6 percent smaller than the preceding one, despite heavy damage to the Florida crop. Aggregate production of the eight major deciduous fruits in 1944 is expected to be about 20 percent larger than in 1943 and about 8 percent larger than the 10-year average. Moreover, the aggregate production of walnuts, almonds, filberts and pecans this year is indicated to be 14 percent larger than last year and 48 percent larger than the 10-year average. The prospective large production of fruits and nuts in the early postwar years is expected to face a condition of greatly reduced government requirements and smaller civilian demand. This will require a broadening of markets and uses. Total supplies of fruit, particularly citrus fruit, are likely to outstrip demand for it at present price levels, leading to sharp downward adjustments in prices.

The commercial crop of apples in Illinois in 1944 is esimated at 2,418,000 bushels compared to 2,790,000 bushels in 1943 and an average of 3,204,000 bushels for the nine years 1934-43. The pear crop for Illinois was also below the nine-year average, but almost 50 percent above the very short crop of 1943.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared December 14) 1944

Principal developments during the week include (1) the raising of the ceiling to $14.75, Chicago basis, regardless of weight, for all hogs other than sows, boars and stags; (2) the announcement of support prices for eggs at 24 cents a dozen to farmers for straight-run or 27 cents for candled eggs; and (3) an increase of four cents in the wheat price ceiling.

Raising the ceiling to $14.75 for hogs weighing in excess of 270 pounds will probably have the effect of inducing farmers to feed their hogs to heavier weights, particularly in the western part of the corn belt, where corn supplies are extremely large in relation to hog numbers. This revision probably reflects the opinion that the end of the war in Europe is not in sight and that more pork products will be needed for the armed forces than was originally anticipated.

Raising the wheat ceiling four cents at Chicago was done to meet demands of the new law requiring parity for producers and to provide for some slight increase in the future parity index. Grain prices have strengthened considerably during the past three months. Part of this strength can be attributed to the prolongation of the war caused by the bad breaks we have received on the European front. One writer indicates, for example, that the weather on the western front has been the worst in 100 years and has been an important factor in slowing the advance of the allied armies. Corn has sold within the past few days at ceiling prices at Chicago. Part of this strength reflects weather conditions and bad roads, but the basic reason appears to be the change in attitude toward the duration of the war. Any prolongation of the war means heavier government debt, expansion in buying power of consumers and greater difficulty in preventing further inflation.

During the past week the War Food Administration announced that the government would support egg prices to producers in 1945 at a minimum of 27 cents a dozen for candled eggs; and in areas where marketing facilities for purchasing candled eggs from producers cannot be made available, the minimum producer price will be 24 cents a dozen to farmers for straight-run eggs. The government will, if necessary, designate purchasing agents in all areas prior to the beginning of heavy egg production.

In spite of some revision upward in government requirements for eggs, present hen numbers suggest egg prices at support levels during the flush season of production unless flocks are heavily culled. The support prices established do not provide for profitable use of the farmer's feed or labor, particularly in comparison with the sale of milk and other livestock products.

A press association report says that a new proposal for flat ceilings on live cattle will be submitted by the OPA to Stabilization Director Fred M. Vinson. The suggestion apparently originated as a result of threatened shutdown of retail meat markets in New York and New Jersey. Dealers in that area contend that it is impossible for them to operate at a profit under present circumstances where competition forces them to pay higher prices for cattle than they can get for the meat under OPA ceilings. Because of producer opposition to cattle ceilings, some other way may be found to solve the problem of the eastern specialized slaughterers.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

W E CARROLL
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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared December 14) 1944

Principal developments during the week include (1) the raising of the ceiling to $14.75, Chicago basis, regardless of weight, for all hogs other than sows, boars and stags; (2) the announcement of support prices for eggs at 24 cents a dozen to farmers for straight-run or 27 cents for candled eggs; and (3) an increase of four cents in the wheat price ceiling.

Raising the ceiling to $14.75 for hogs weighing in excess of 270 pounds will probably have the effect of inducing farmers to feed their hogs to heavier weights, particularly in the western part of the corn belt, where corn supplies are extremely large in relation to hog numbers. This revision probably reflects the opinion that the end of the war in Europe is not in sight and that more pork products will be needed for the armed forces than was originally anticipated.

Raising the wheat ceiling four cents at Chicago was done to meet demands of the new law requiring parity for producers and to provide for some slight increase in the future parity index. Grain prices have strengthened considerably during the past three months. Part of this strength can be attributed to the prolongation of the war caused by the bad breaks we have received on the European front. One writer indicates, for example, that the weather on the western front has been the worst in 100 years and has been an important factor in slowing the advance of the allied armies. Corn has sold within the past few days at ceiling prices at Chicago. Part of this strength reflects weather conditions and bad roads, but the basic reason appears to be the change in attitude toward the duration of the war. Any prolongation of the war means heavier government debt, expansion in buying power of consumers and greater difficulty in preventing further inflation.

During the past week the War Food Administration announced that the government would support egg prices to producers in 1945 at a minimum of 27 cents a dozen for candled eggs; and in areas where marketing facilities for purchasing candled eggs from producers cannot be made available, the minimum producer price will be 24 cents a dozen to farmers for straight-run eggs. The government will, if necessary, designate purchasing agents in all areas prior to the beginning of heavy egg production.

In spite of some revision upward in government requirements for eggs, present hen numbers suggest egg prices at support levels during the flush season of production unless flocks are heavily culled. The support prices established do not provide for profitable use of the farmer's feed or labor, particularly in comparison with the sale of milk and other livestock products.

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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared December 14)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday December 13, 1944	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.75 7/8**	$ 1.71 7/8**	$1.65¼	$1.63
Corn (No. 2 yellow)	1.15½**	1.16**	1.10 5/8	1.11 3/4
Oats (No. 2 white)	.73-.74	.75**	.64	.64
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.40-.42½	.40-.41½		
Hogs (top price paid)	14.25	14.20		
Cattle (top price paid)	18.00	18.00		
Hog-corn ratio, Chicago December 9	12.5	12.6		

*Ceiling prices.
**Nominal. No cash sales.

Principal developments during the week include (1) the raising of the ceiling to $14.75, Chicago basis, regardless of weight, for all hogs other than sows, boars and stags; (2) the announcement of support prices for eggs at 24 cents a dozen to the farmers for straight-run or 27 cents for candled eggs; and (3) an increase of four cents in the wheat price ceiling.

Hog prices. Raising the ceiling to $14.75 for hogs weighing in excess of 270 pounds will probably have the effect of inducing farmers to feed their hogs to heavier weights, particularly in the western part of the corn belt, where corn supplies are extremely large in relation to hog numbers. This revision probably reflects the opinion that the end of the war in Europe is not in sight and that more pork products will be needed for the armed forces than was originally anticipated. No change was made in the floor price of $12.50 at Chicago, but it is expected that the demand will remain strong enough to prevent the average cost of barrows and gilts from dropping below $13.50 at Chicago, particularly if the markets there are not temporarily flooded beyond the capacity of packers to handle with their limited labor force. During the past week the roads have been blocked in some areas and receipts have been relatively light. As a result, prices of all livestock have been strong.

Grain prices. Raising the wheat ceiling four cents at Chicago was done to meet demands of the new law requiring parity for producers and to provide for some slight increase in the future parity index. No change in flour price ceilings is contemplated, although the subsidy to millers may be increased after January 1. Grain prices have strengthened considerably during the past three months. Part of this strength can be attributed to the prolongation of the war caused by the bad breaks we

have received on the European front. One writer indicates, for example, that the weather on the western front has been the worst in 100 years and has been an important factor in slowing the advance of the allied armies. Corn has sold within the past few days at ceiling prices at Chicago. Part of this strength reflects weather conditions and bad roads, but the basic reason appears to be the change in attitude toward the duration of the war and requirements of our armed forces and allies with respect to livestock products. Feed supplies are considerably larger per animal unit than last year, but farmers will be encouraged to feed their hogs to heavy weights, an increase in both spring and fall farrowings is encouraged in the 1945 goals and the government has recently revised upward its estimate of the quantity of eggs needed for the armed forces and lend-lease. Farmers also will be encouraged to increase milk production. If the war in Europe is prolonged well into 1945, we are not likely to have a burdensome supply of feed grains. However, less wheat probably will be used for feed than during the past year. Any prolongation of the war means heavier government debt, expansion in buying power of consumers and greater difficulty in preventing further inflation.

Eggs. During the past week the War Food Administration announced that the government would support egg prices to producers in 1945 at a minimum of 27 cents a dozen for candled eggs; and in areas where marketing facilities for purchasing candled eggs from producers cannot be made available, the minimum producer price will be 24 cents a dozen to farmers for straight-run eggs. The government will, if necessary, designate purchasing agents in all areas prior to the beginning of heavy egg production. The War Food Administration hopes that candling facilities can be provided in all areas. In announcing this price support, the government has revised upward its estimate of the quantity of eggs, particularly dried eggs, that it will need for the armed forces and shipment to Russia and Great Britain. The domestic demand for graded eggs and the demands of governmental agencies are expected to maintain usual grade differentials in price.

In some areas of Illinois last year, the price of eggs to the farmer dropped as low as 19 cents a dozen. This year the War Food Administration hopes to get its organization set up in time to be able to purchase eggs directly from farmers at the minimum support levels. There is, however, a need for substantial culling of flocks in Illinois. The goals established recently call for selling one out of every four hens before March 1, 1945. In spite of some revision upward in government requirements for eggs, present hen numbers suggest egg prices at support levels during the flush season of production unless flocks are heavily culled. The support prices established do not provide for profitable use of the farmer's feed or labor, particularly in comparison with the sale of milk and other livestock products.

November livestock receipts. Receipts of salable hogs at 12 principal markets in November were 35 percent less than November 1943. Cattle receipts were down 13 percent, but calf receipts were up 17 percent. Feeder and stocker steers sold at Chicago, Kansas City, Omaha and St. Paul were down 30 percent from November 1943.

Ceiling on live cattle rumored. A press association report says that a new proposal for flat ceilings on live cattle will be submitted by the OPA to Stabilization Director Fred M. Vinson. The suggestion apparently originated as a result of threatened shutdown of retail meat markets in New York and New Jersey. Dealers in that area contend that it is impossible for them to operate at a profit under present circumstances where competition forces them to pay higher prices for cattle than they can get for the meat under OPA ceilings. The small specialized cattle slaughterer who

does not have a satisfactory outlet for all grades of beef finds that the big packers can bid up the price of choice cattle above the price at which they can be profitably sold as meat. The large packer can survive by averaging all his costs as a basis for government subsidies and as a basis for spreading out his overhead costs. Because of producer opposition to cattle ceilings, some other way may be found for solving the problem of the eastern specialized slaughterers.

The feed situation. The Bureau of Agricultural Economics report on the feed situation suggests that feed grain prices are expected to remain below ceiling levels. During the spring of 1945, corn prices may not have as much seasonal rise as in most years. On the basis of the November crop report, supplies of the four principal feed grains, corn, oats, barley, and grain sorghums, will total about 132½ million tons, which is one percent larger than in 1943-44. The quantity of grain per animal unit will be materially larger than in 1943-44 and approximately the same as in 1942-43. In that year we had record supplies, and large quantities of wheat and rye were fed. We also had a large livestock population. The supply of high protein feeds will be large in spite of some reductions in the supply of linseed cake and meal and animal protein feeds. Supplies of cottonseed cake will be a little larger, and supplies of soybean cake and meal about the same as in 1943-44.

The livestock situation. Purchases of beef by the armed forces in the first half of 1945 probably will be larger than in the first half of 1944, according to the Bureau of Agricultural Economics. Cattle feeding during the winter may be somewhat greater than a year earlier, with larger corn supplies and wider spread between feeder and fed cattle prices. Large purchases of pork by the War Food Administration and the armed forces and a sharp reduction in hog marketings during the first seven months of 1945 will tend to hold hog prices above the level of the year earlier. The total number of lambs fed this winter may be materially smaller than last year and may be the smallest in at least ten years.

Wheat prices raised in Argentina. The guaranteed minimum price to producers for new crop wheat has been fixed by Argentine authorities at 72 cents a bushel. This is the highest level at which wheat prices in that country have been supported since the adoption of the guaranteed minimum price policy as a farm relief measure in 1933. The new rate represents an increase of more than 10 percent over last year's support price.

More potatoes for the army. In order to assure adequate supplies of good-quality Irish potatoes for the American armed forces both in this country and abroad, the War Food Administration has issued an order requiring shippers of potatoes grown in certain western areas to offer them to the government before making deliveries elsewhere. The nation's 1944 potato crop is about 25 million bushels above the 10-year average. However, both the production pattern and seasonal movements have been abnormal, leaving most of the remaining supplies in the eastern producing states. This has made it necessary to force sales to the government in the western potato-producing area.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared March 15) 1945

The livestock markets were characterized by small receipts of hogs and increasing supplies of cattle. Hogs bring ceiling prices and buyers are unable to get anyways near as many as they wish. Cattle prices have remained steady considering quality of receipts. Short-feds dominate the receipts and substantial premiums are paid willingly for high-quality steers. The demands for all meats are so strong that slaughterers take practically everything that has enough flesh to kill. This has a tendency to run up the price of feeder stock and discourages replacement in the feedlots. This will eventually reduce the total tonnage of beef.

The wheat market has been exceptionally strong and this strength has been reflected in other grains. In spite of the favorable war outlook, the wheat market is dominated at the moment by the inability to obtain boxcars for shipment of privately owned grain. Another factor that affected the wheat market during the past week was the vote to continue the Commodity Credit Corporation and greatly expand its borrowing powers. That means that it will have funds to support the market for farm products.

Canada has announced their grain program for 1945-46. It includes the continuation of the guaranteed price of $1.25 a bushel, basis No. 1 Northern, in store at Fort Williams, Fort Arthur or Vancouver. Growers will again receive participation certificates entitling them to share in any profit that might be realized by the government in the sale of the wheat. The guaranteed price of $1.25 a bushel will not be paid for more than an individual grower's quota of 14 bushels per authorized acre.

The War Food Administration announced March 9 that recently enacted legislation protects the allotments of wheat producers in cases where war crop production has upset the farmer's normal production of wheat.

With normal weather the USDA expects the supply of hay on hand to be adequate to meet current livestock requirements and to leave a carry-over only slightly less than the 10.3 million tons carried over last year.

The War Food Administration is urging poultry producers to increase chicken meat production to meet increased military requirements and to supplement meat supplies in the summer and early fall during the seasonally low period in livestock marketing.

The early spring lamb crop in the principal producing states is about 6 percent smaller than a year ago. This is the fourth year in succession that the crop has been lower than the previous year. This year's crop will be the smallest in the present decade, according to the War Food Administration. The reduction this year is the result of a decrease in the number of breeding ewes.

Exorbitant charges for repair of household appliances, automobiles and farm equipment are to receive the immediate attention of the Office of Price Administration. Ceiling prices for such repairs generally are frozen at March 1942 levels.

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University of Illinois College of Agriculture, Urbana

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By G. L. Jordan
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The wheat market has been exceptionally strong and this strength has been reflected in other grains. In spite of the favorable war outlook, the wheat market is dominated at the moment by the inability to obtain boxcars for shipment of privately owned grain. Another factor that affected the wheat market during the past week was the vote to continue the Commodity Credit Corporation and greatly expand its borrowing powers. That means that it will have funds to support the market for farm products.

Canada has announced their grain program for 1945-46. It includes the continuation of the guaranteed price of $1.25 a bushel, basis No. 1 Northern, in store at Fort Williams, Fort Arthur or Vancouver. Growers will again receive participation certificates entitling them to share in any profit that might be realized by the government in the sale of the wheat. The guaranteed price of $1.25 a bushel will not be paid for more than an individual grower's quota of 15 bushels per authorized acre.

The War Food Administration announced March 9 that recently enacted legislation protects the allotments of wheat producers in areas where war crop production has upset the farmer's normal production of wheat.

With normal weather the WFA expects the supply of hay on hand to be adequate to meet current livestock requirements and to leave a carry-over only slightly less than the 10.5 million tons carried over last year.

The War Food Administration is urging poultry producers to increase chicken meat production to meet increased military requirements and to supplement meat supplies in the summer and early fall during the seasonally low period in livestock marketing.

The early spring lamb crop in the principal producing states is about 6 percent smaller than a year ago. This is the fourth year in succession that the crop has been lower than the previous year. This year's crop will be the smallest in the present decade, according to the War Food Administration. The reduction this year is the result of a decrease in the number of breeding ewes.

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HOW MANY CHICKS FOR 1945?

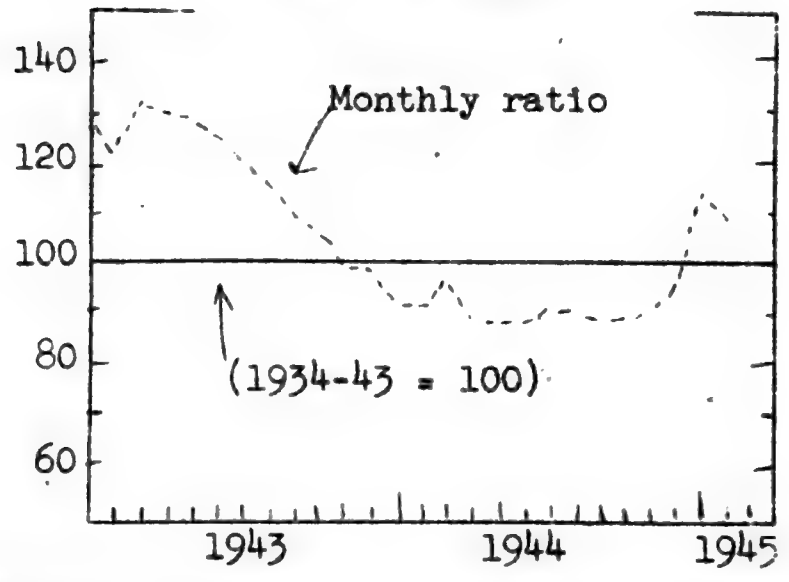
By L. F. Stice, Extension Marketing Specialist

On February 1 farmers indicated to the USDA Crop Reporting Service that they planned to buy 4 percent fewer chicks this year than they bought in 1944. Whether they buy more or less than this number depends to a great extent upon the egg-feed price relationship during the next few weeks. For the U. S. as a whole this relationship was less favorable than the long-time average from November 1943 until January 1945. As a result farmers raised one-fifth fewer chicks in 1944 than in 1943 (see charts).

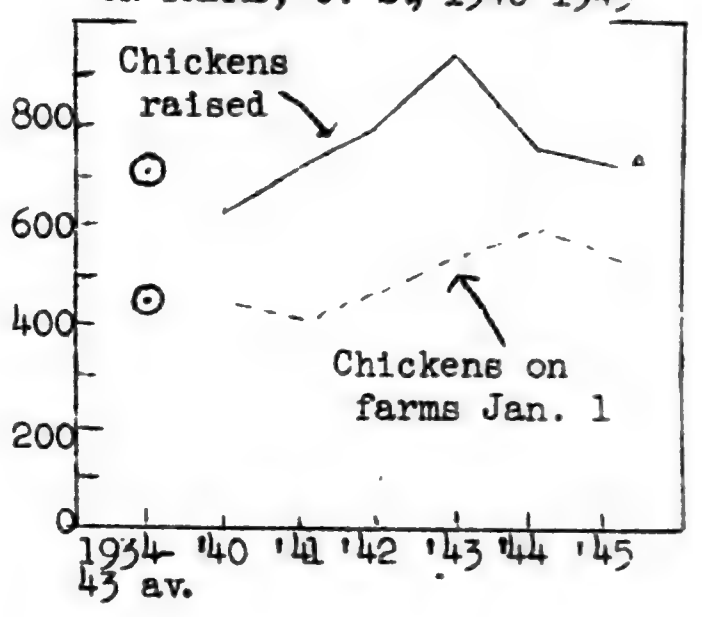
Egg production in 1945 is expected to be 8 to 10 percent below a year ago, and the demand for eggs will continue at a high level. Egg prices are expected to decline as production increases this spring, and the egg-feed price relationship may again be no better than the long-time average.

The national food production goals call for as many chickens and turkeys to be raised on farms as in 1944. There is a great need for poultry meat, and eggs will be higher in price in the fall months. However, with normal culling and normal rates of lay, the number of hens and pullets on farms January 1, 1945, will produce the goal for egg production this year. In view of these conditions farmers should keep their laying flocks culled for efficient production and should raise pullets which will come into production in the fall months.

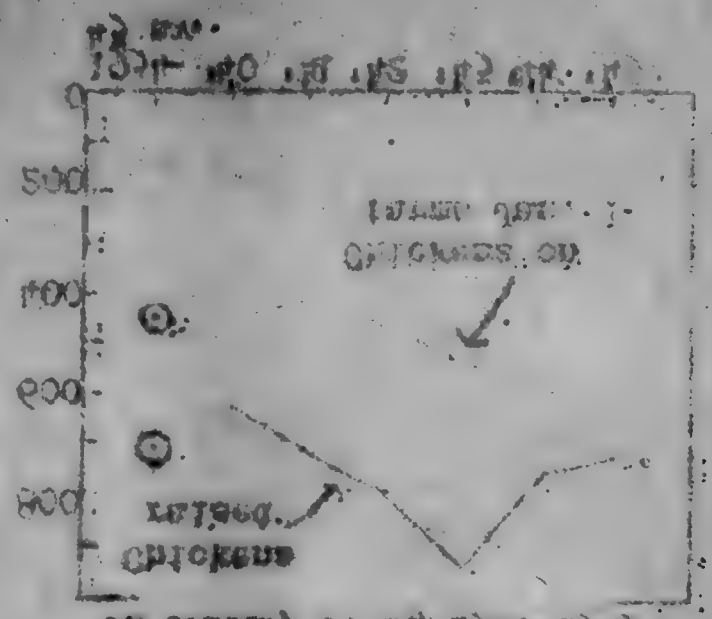
RELATION BETWEEN PRICES OF EGGS AND POULTRY FEEDS (Index 1934-43 = 100)



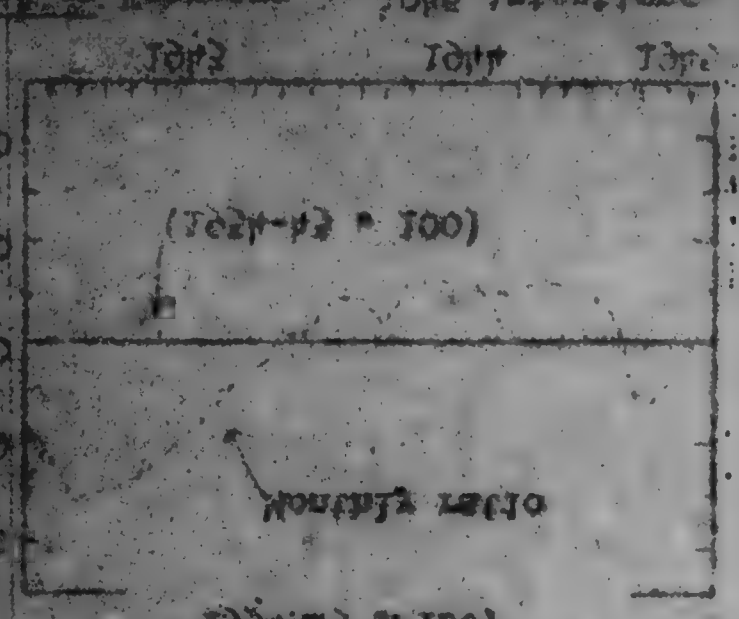
CHICKENS RAISED AND CHICKENS ON FARMS, U. S., 1940-1945



▲ Based on February 1, 1945 intentions.



CHICKENS HATCHED AND CHICKENS ON FARMS U. S., 1940-1941



EXPANSION SEASONAL PRICES OF EGGS AND BROILER FEEDS (Index (1941-42 = 100))

Egg production in 1942 is expected to be 8 to 10 percent higher than a year ago. Egg prices are expected to be at a high level. Egg prices are expected to be higher than the average for egg-type chicks during the egg-feed price relationship will be more favorable than the broiler-feed price relationship during the next few weeks. For the U. S. as a whole this relationship is now quite favorable. Most farmers intend to keep a few more of these chicks than they planned in 1942. Farmers intending to put a percent fewer chicks this year than they planned in 1942. Farmers intending to put a percent fewer chicks this year than they planned in 1942 should keep in mind that the egg-feed price relationship is now quite favorable. Farmers intending to put a percent fewer chicks this year than they planned in 1942 should keep in mind that the egg-feed price relationship is now quite favorable.

In Kansas I returns indicated to the Farm Crop Reporting Service that they planned to put a percent fewer chicks this year than they produced in 1942. Farmers intending to put a percent fewer chicks this year than they produced in 1942 should keep in mind that the egg-feed price relationship is now quite favorable.

E. L. K. Melcher, Extension Marketing Specialist

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared March 15)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday March 14, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.75 7/8**	$ 1.75 7/8**	$1.72	$1.70 5/8
Corn (No. 2 yellow)	1.17 1/4**	1.17¼**	1.15 1/2	1.15 1/2
Oats (No. 2 white)	.82**	.82**	.67 1/2	.67 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.325	.325		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	17.50	17.50		
Hog-corn ratio, Chicago, March 10	12.8	12.8		

*Ceiling prices.
**Nominal. No cash sales.

The livestock markets were characterized by small receipts of hogs and increasing supplies of cattle. Hogs bring ceiling prices and buyers are unable to get anyways near as many as they wish. Cattle prices have remained steady considering quality of receipts. Short-feds dominate the receipts and substantial premiums are paid willingly for high-quality steers. The demands for all meats are so strong that slaughterers take practically everything that has enough flesh to kill. This has a tendency to run up the price of feeder stock and discourages replacement in the feedlots. This will eventually reduce the total tonnage of beef.

The wheat market has been exceptionally strong and this strength has been reflected in other grains. In spite of the favorable war outlook, the wheat market is dominated at the moment by the inability to obtain boxcars for shipment of privately owned grain. The transportation situation is improving only slightly, if at all. This keeps practically all grains at ceiling prices in the cash market and has caused a substantial increase in prices of both the May and June futures. The September future has not responded for the obvious reasons that if wheat cannot be marketed during the next few months, it will have to be marketed later and the new crop is coming along in fine shape. This may mean congestion at the time of the new crop harvest. We may have some difficulty finding an outlet or storage space for all the wheat at that time. Feed grains have not been as strong as wheat.

Another factor that affected the wheat market during the past week was the vote to continue the Commodity Credit Corporation and greatly expand its borrowing powers. That means that it will have funds to support the market for farm products. This news caused a substantial improvement in the grain futures prices Tuesday, March 13. Another factor of importance was the action taken by Canada Saturday, March 10,

in raising the price of mutual aid wheat from $1.25 to $1.46 a bushel, Canadian funds. Previously Canada had been selling wheat for relief purposes at a discount. One story has it that the Commodity Credit Corporation asked Canada to ship some of her grain for lend-lease, but that Canada refused and wanted payment for anything that was cleared. Because of the tight transportation situation in this country, the United States may be interested in the purchase of Canadian wheat for shipment to Britain or for relief. If so, it appears that we shall have to pay the higher price, which is still substantially below wheat prices in the United States.

Canada guarantees $1.25 a bushel for wheat. Canada has announced their grain program for 1945-46. It includes the continuation of the guaranteed price of $1.25 a bushel, basis No. 1 Northern, in store at Fort Williams, Fort Arthur or Vancouver. Growers will again receive participation certificates entitling them to share in any profit that might be realized by the government in the sale of the wheat. The guaranteed price of $1.25 a bushel will not be paid for more than an individual grower's quota of 14 bushels per authorized acre. This 14-bushel limit was put on to encourage feed grain production in 1945. Growers were asked to reduce seedings of wheat in favor of barley and oats. Canada already has large stocks of wheat on hand but has large commitments for shipments of beef and pork to the United Kingdom so that more feed grains are needed to increase meat production. Canadian farmers are guaranteed minimum prices of 45 cents a bushel for oats and 60 cents for barley, with 10 cents a bushel added as an advance equalization payment.

Wheat farmers protected. The War Food Administration announced March 9 that recently enacted legislation protects the allotments of wheat producers in cases where war crop production has upset the farmer's normal production of wheat. This action was taken to protect the acreage allotments of any farms where shifts were made from the production of wheat to the production of more essential crops.

The feed situation. With normal weather the USDA expects the supply of hay on hand to be adequate to meet current livestock requirements and to leave a carryover only slightly less than the 10.3 million tons carried over last year, in spite of the fact that stocks on farms January 1 per hay-forage-pasture-consuming animal unit were one percent smaller than the year earlier and 7 percent smaller than the January 1 average during the 1939-1943 period. Hay prices are expected to average higher during the current year than in 1943-44.

Disappearance of feed grains for all purposes during the first half of 1945 is expected to be smaller than during the same period in 1944, but with prices of livestock products at a high level and with a large quantity of high-moisture corn on hand, the rate of feeding per animal probably will be about as heavy as the high rate during 1943-44. The reduction in the amount fed will be caused by the 14 percent drop in terms of grain-consuming animal units in the number of livestock on farms January 1 compared with a year earlier.

The poultry situation. The War Food Administration is urging poultry producers to increase chicken meat production to meet increased military requirements and to supplement meat supplies in the summer and early fall during the seasonally low period in livestock marketing. As pointed out by Professor Stice in a special report attached, the February 1 government report indicates that farmers expect to purchase 4 percent fewer baby chicks for farm flocks in 1945 than in 1944. However, they intend to grow 8 percent more turkeys. Feed supplies are ample this year, and with

chickens selling at ceiling prices and the demand likely to be sustained, commercial hatchery output in areas in and surrounding the large broiler-producing territories continues to increase over last year. The egg price outlook has improved during recent months. In fact, wholesale and retail prices of most grades of eggs since January 15 have been firm at or near ceiling levels. Per capita egg consumption has continued at a record rate.

Early spring lamb crop. The early spring lamb crop in the principal producing states is about 6 percent smaller than a year ago. This is the fourth year in succession that the crop has been lower than the previous year. This year's crop will be the smallest in the present decade, according to the War Food Administration. The reduction this year is the result of a decrease in the number of breeding ewes and not in the number of lambs saved per 100 ewes. Marketing of early lambs before July 1 this year will be smaller than in 1944, and the number of grass-fed yearling lambs and wethers marketed from Texas during the next four months is expected to be materially smaller than the record shipments of last year.

Lend-lease for postwar relief prohibited in the House Bill. Tuesday, March 13, the House passed and sent to the Senate legislation extending the lend-lease program to June 30, 1946. However, the bill carried with it an amendment banning the use of lend-lease as a postwar measure for relief or reconstruction in liberated areas. Presumably this means that our contribution to postwar relief and rehabilitation will come through the United Nations Relief and Rehabilitation Administration and be financed by direct appropriations for that purpose. Of course, the bill may be further amended before it becomes a law.

Demand expected to remain at a high level. The Bureau of Agricultural Economics reports that there has been no important change in the demand for farm products in recent months and that it seems probable that the demand will continue to approximate its present high level as long as fighting continues in both Europe and Asia. Prices of most farm products are expected to continue at or near ceilings as long as consumer incomes and military and lend-lease requirements are maintained at present levels.

There seems to be considerable confusion caused by somewhat conflicting government statements. When the Commodity Credit Corporation was appealing for a large increase in its borrowing power in order to finance surpluses in farm crops, a statement was made to the effect that relief and rehabilitation requirements with respect to foodstuffs would be very much less than earlier anticipated. However, it seems that Mr. Byrnes rushed back to the United States from the Yalta Conference and started the wheels moving to provide large shipments of wheat from interior points to the seaboard for export for relief feeding in liberated areas. In spite of the confusion the amount of farm products used for relief and rehabilitation will be an important factor affecting the demand for farm products.

Butter set-aside increased. Forty percent of total production of creamery butter must be set aside for war service agencies in April and 55 percent in May, according to the War Food Administration. This would compare with 20 percent set-aside in February and 25 percent in March. Inasmuch as these are months of flush

production, it is expected that civilians will continue to receive about 80 million pounds a month during April and May compared with 82 million pounds a month during February and March.

OPA to check repair charges. Exorbitant charges for repair of household appliances, automobiles and farm equipment are to receive the immediate attention of the Office of Price Administration. Ceiling prices for such repairs generally are frozen at March 1942 levels. In special cases the OPA will check for unreasonable discrepancies between prices charged customers, the time required to make the repairs and hourly wage rates of repairmen.

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3/14/45

W E CARROLL
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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared March 22)

The past week has been characterized by statements by government officials emphasizing that further restrictions on domestic consumption of meats and some other food items may be expected, and by strong demands for all classes of livestock and ceiling prices for most high-quality grains.

According to March 1 intentions of farmers, the total 1945 plantings of feed grains--corn, oats, barley and grain sorghums--will be about 171 million acres, or about 2 percent below the 1944 acreage. Planting intentions for all feed grains were under the 1944 figures with the exception of oats. An 8 percent increase in oats acreage is planned. Only in the case of oats will the 1945 goals be met according to these estimates. The reduction in livestock numbers, the uncertainty concerning the duration of the war and prices following the war and the need to get more clover into rotation were the factors that were cited as influencing farmers' intentions this year.

The total meat production for 1945 will be about 10 percent smaller than the record production in 1944, according to government estimates. A further decrease in the numbers of cattle other than milk cows, sheep, horses and mules is in prospect for 1945. No material change in the number of hogs, chickens or milk cows is expected. The hog-corn price ratio has recently been more favorable than at any time since the spring of 1943 and well above average. This, combined with the expectation of a continuation of this favorable ratio during the summer, may lead to heavier feeding and some increase in fall farrowings.

The U. S. Department of Agriculture estimates that the total supply of fats and oils in the United States will be substantially reduced in 1945. Production from domestic materials will be reduced over one billion pounds, principally because of lowered lard production. A slight increase in the production of domestic edible oils--cottonseed, soybean, corn and peanut--will be more than offset by decreases in output of lard and butter. Military demands are very heavy, both for the expanded military program and for relief distribution in areas under military control. Lend-lease requirements continue large.

Cash receipts from farm marketings for February were down 4 percent from February 1944, according to a government estimate. Part of this was due to the inability to get boxcars to get grain to market. The decline in cash receipts from livestock and livestock products in February was greater than usual and greater than occurred in either 1943 or 1944.

The stocks of merchantable potatoes held by growers and local dealers in the 37 late and intermediate states on March 1 were 26 percent below the record stocks of a year ago but were 19 percent greater than on March 1, 1943.

Some of the leanest months of the war period were predicted for the home front during the past week. Included in this prediction were food, tires, shoes and manpower. Even though the war in Europe should end by midyear, no substantial increase should be expected in output of manufactured consumer goods for several months.

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SHEEP NUMBERS LOWEST IN SEVENTEEN YEARS

By L. F. Stice, Extension Marketing Specialist

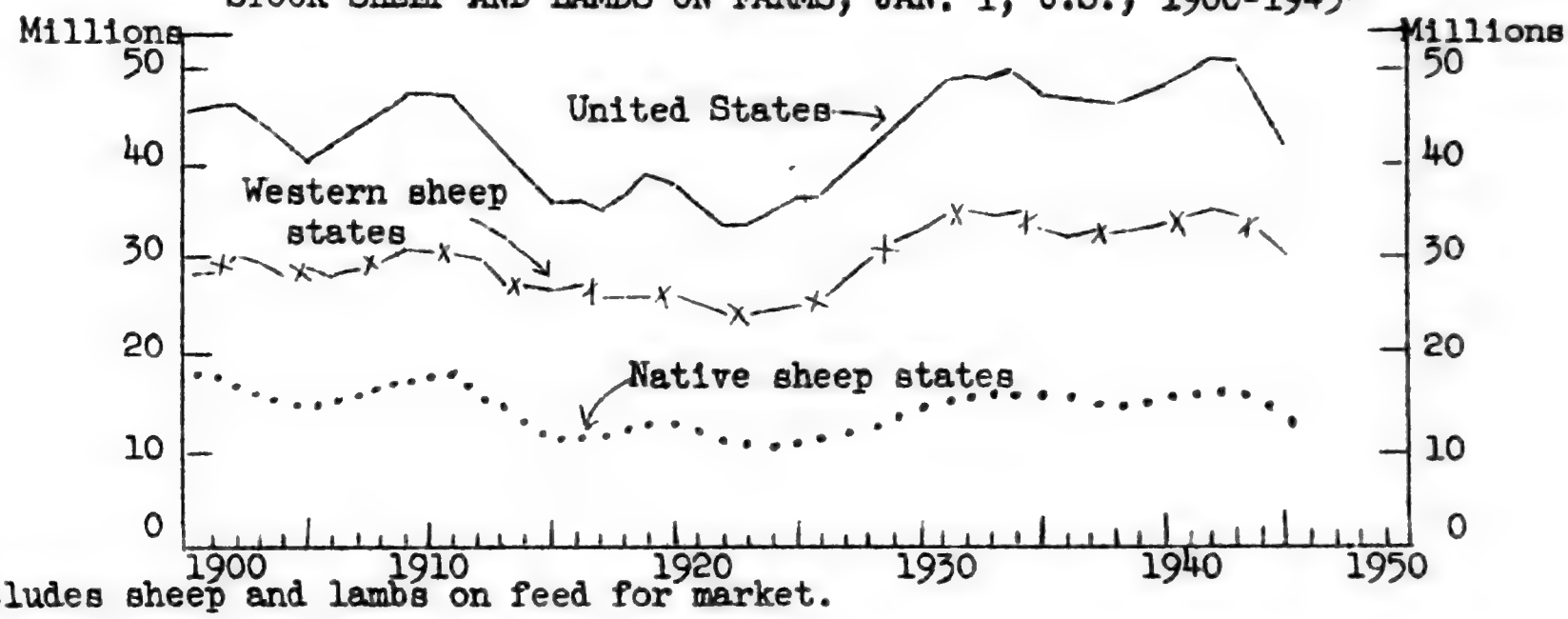
The number of stock sheep and lambs (excluding sheep and lambs on feed for market) in the United States on January 1, 1945, was the smallest since 1928 (see chart). Numbers of stock sheep and lambs have been declining each year since 1942, but the 9 percent reduction in 1944 was the largest decrease in any year since 1869. Shortage of farm labor has been a major cause of the decline in sheep numbers. The number of lambs raised for each 100 head of ewes on farms was smaller during the past two years than during the preceding five years, largely because of an inadequate supply of trained labor at lambing time.

Reductions in numbers of stock sheep during 1944 were heavy in several of the western states. They are currently estimated by the U.S.D.A. Crop Reporting Service to be as follows: California, Colorado, and New Mexico, 8 percent; Wyoming, 11 percent; and Montana, 15 percent. Texas, the largest sheep-producing state of the nation, had only a 3 percent reduction.

Although the slaughter of ewes in the United States during 1944 was relatively large, the greatest reduction was in lamb numbers. Compared with January 1, 1944, the number of ewes on January 1, 1945, was down 6 percent, while the number of lambs was down 20 percent.

Sheep numbers are reaching a point where they should become stabilized. Returns to sheep growers have not been unfavorable, but the large storage stocks of wool held by the government have not been encouraging for the postwar outlook.

STOCK SHEEP AND LAMBS ON FARMS, JAN. 1, U.S., 1900-1945*



*Excludes sheep and lambs on feed for market.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared March 22)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday March 21, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.75 7/8**	$ 1.75 7/8**	$1.69 1/8	$1.72
Corn (No. 2 yellow)	1.17 1/4**	1.17 1/4**	1.12 1/2	1.15 1/2
Oats (No. 2 white)	.82**	.82**	.65 1/2	.67 1/2
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.325	.325		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	17.60	17.50		
Hog-corn ratio, Chicago March 17	12.8	12.8		

*Ceiling prices.
**Nominal. No cash sales.

The past week has been characterized by statements by government officials emphasizing that further restrictions on domestic consumption of meats and some other food items may be expected, and by strong demands for all classes of livestock and ceiling prices for most high-quality grains. High moisture corn sold at a discount of one to two cents a bushel below ceilings for the grade. Grain futures have fluctuated, being influenced by strong cash grain prices on the one hand and the possibility of an early ending of the European war on the other. The heavy discounts for the more distant futures suggest lower prices later in the summer.

Farmers intend to plant less grain. According to March 1 intentions of farmers, the total 1945 plantings of feed grains--corn, oats, barley, and grain sorghums--will be about 171 million acres, or about 2 percent below the 1944 acreage. Planting intentions for all feed grains were under the 1944 figures with the exception of oats. An 8 percent increase in oats acreage is planned, a new record and 2 percent larger than the previous record of oats acreage set in 1932. Corn acreage will be about 3 million acres lower than in 1944. Plantings of barley and grain sorghums will be about 2 million acres lower. Only in the case of oats will the 1945 goals be met, according to these estimates. The greatest increase in acreage is for flaxseed, almost 37 percent. The national acreage of soybeans grown for all purposes is down 2.4 percent below 1944. Barley acreage is down 14 percent, but there is practically no change in hay.

The reduction in livestock numbers, the uncertainty concerning the duration of the war and prices following the war, and the need to get more clover into rotation were the factors that were cited as influencing farmers' intentions this year.

The wheat situation. Wheat stocks on January 1 totaled about 835 million bushels compared with 818 million bushels the year earlier. On the basis of prospective domestic disappearances the first half of 1945 and the liklihood that exports will increase very materially, a carry-over July 1, 1945, of between 350 and 375 million bushels is indicated. Exports of wheat to Europe are expected to be greatly accelerated to meet a critical food situation, but the exportable surplus of Canada, Argentina and the United States on January 1 was estimated at about 800 million bushels. This should be adequate to take care of any possible foreign needs.

Included in the record wheat export movement planned by the government will be at least 3 million pounds of wheat flour during the next three months. The transportation tie-up is still limiting movement of all grains to market and may interfere somewhat with the export program. However, the new demand added to a healthy domestic demand has kept hard winter wheat prices at ceiling levels. The demand has been especially strong for high protein wheat.

The livestock situation. The total meat production for 1945 will be about 10 percent smaller than the record production in 1944, according to government estimates. Most of this reduction will be in the first nine months of the year. The supply available to civilians is expected to average 128 to 133 pounds per capita. There was a marked decrease in the number of livestock on farms and ranches during 1944. A further decrease in the numbers of cattle other than milk cows, sheep, horses and mules is in prospect for 1945. No material change in the number of hogs, chickens or milk cows is expected. The hog-corn price ratio has recently been more favorable than at any time since the spring of 1943 and well above average. This, combined with the expectation of a continuation of this favorable ratio during the summer, may lead to heavier feeding and some increase in fall farrowings.

A. J. Surratt, agricultural statistician, reports that cash income of Illinois farmers from wool shorn in 1944 was $2,160,000 compared with $2,781,000 in 1943. The 22 percent decline was due to the sharply reduced 1944 wool crop. The clip averaged the same weight per head, but the number of sheep shorn was only 647,000 compared to 854,000 the previous year. The local market price averaged 43 cents a pound in 1944, up one cent from 1943. The production for the United States was down 7 percent.

Cold storage movement. A heavy percentage movement out of cold storage during February was reported for apples, pears, fish, lard and pork fat. The movement of lard and pork fat was contrary to usual seasonal behavior. Stocks of other items which decreased appreciably were butter, frozen vegetables, frozen eggs, poultry and pork. Sausage stocks increased 22 percent and beef stocks 15 percent during February.

Fats and oils. The United States Department of Agriculture estimates that the total supply of fats and oils in the United States will be substantially reduced in 1945. Production from domestic materials will be reduced over one billion pounds, principally because of lowered lard production. Factory and warehouse stocks of fats and oils were about the same January 1, 1945, as a year earlier. No material increase in imports over last year is anticipated. Supplies of fats and oils will be short during the next six months, at least for virtually all classes of domestic use. A slight increase in the production of domestic edible oils--cottonseed, soybean, corn,

and peanut--will be more than offset by decreases in output of lard and butter. The production of domestic soap fats is expected to be about 150 million pounds less than in 1944, and the output of paint and varnish oils from domestic materials will be about 200 million pounds less than last year. Military demands are very heavy both for the expanded military program and for relief distribution in areas under military control. Lend-lease requirements continue large, and civilians would gladly consume larger quantities than will be available for them.

Farm income. Cash receipts from farm marketings for February were down 4 percent from February 1944, according to a government estimate. Part of this was due to the inability to get boxcars to get grain to market. Sales of corn in large sections of Minnesota, South Dakota and Nebraska have been retarded because of the high moisture content and inadequate drying facilities. The decline in cash receipts from livestock and livestock products in February was greater than usual and greater than occurred in either 1943 or 1944.

Farm labor. The number of hired workers employed on farms on March 1 was down over 100,000 from March 1, 1944. Snow cover and above-normal precipitation probably contributed to the decline from March 1, 1944, but the severity of the reduction confirms the scarcity of able-bodied hands available for hire in rural areas. The decrease in the number of family workers from March a year ago was rather small, amounting to only about three-fourths of one percent compared with a 6.5 percent reduction in hired workers.

Fewer potatoes than last year. The stocks of merchantable potatoes held by growers and local dealers in the 37 late and intermediate states on March 1 were 26 percent below the record stocks a year ago but 19 percent greater than on March 1, 1943. The government has restricted the sales of potatoes in most of the principal producing areas of the northern states to make sure the armed forces have adequate supplies.

Further restrictions on output for civilians. Some of the leanest months of the war period were predicted for the home front during the past week. Included in this prediction were food, tires, shoes and manpower. Even through the war in Europe should end by midyear, no substantial increase should be expected in output of manufactured consumer goods for several months. The War Food Administration says, "The end of the war in Europe will not materially affect the meat situation and will result neither in lighter military demands nor in increased civilian supply." Lend-lease shipments of meat to Great Britain were cut 87½ percent. There is an effort being made to induce the Army to be more conservative in its estimates of food needs, but the armed forces will have first choice until victory is actually won.

Savings at $40 billion in 1944. According to a press association report of the Securities and Exchange Commission's quarterly analysis of savings, the liquid resources of the American public have increased about $120 billion since the beginning of war production in 1940. These resources include largely cash, bank deposits and United States government securities. The total at the end of 1944 was approximately $148 billion. Americans have been saving nearly 25 percent of their income. In 1944 the American public saved $40 billion--ten times more than its savings in 1940.

These huge savings form a backlog of a great buying power whenever the holders decide to spend them. It is unlikely that all these savings will be spent during the year or two following the war, but the sense of security that goes with an accumulation of savings may cause people to spend their current income very freely. Unless the owners of these savings refrain from using them until the output of civilian goods increases materially, we could have another runaway inflation, a temporary demand for consumer goods which could not be sustained, and consequently wide fluctuations in the demand for farm products.

Argentina may trade linseed oil for fuel oil. Argentina is short of fuel and has been all during the war. Word comes now that an agreement may be concluded in the near future whereby Argentina would trade us 500,000 tons of linseed oil for 250,000 tons of fuel oil. We need the linseed oil badly, but we do not have excessive supplies of any type of fuel. During the past couple of weeks Secretary Ickes has indicated that coal consumers in this area will be restricted to 80 percent of last year's consumption on purchases made after March 31. Although it is expected that fuel oil supplies will be more freely available after the end of the war in Europe, it has not been possible for us to supply Argentina in the past.

Japanese schools closed. All schools, colleges and universities in Japan have been ordered closed for a year, according to Radio Tokyo. Students and teachers will be mobilized for war work and food production. The only exception was the first grade of primary schools.

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Wheat receipts are rather large at southwestern markets but they are being used to fill previous contracts and are not a serious price depressing factor. It seems that mills have so many orders for flour that the demand for wheat holds up well in the face of rather large receipts. The crop is late in the main winter wheat region, but yields may be a little larger than were forecast a few weeks ago.

The national wheat goal for 1946 is from 67 to 70 million acres. The 1945 prospective acreage is 68.6 million. Requirements are expected to be heavy during the months ahead particularly for relief feeding. The national goal for rye to be harvested for grain in 1946 is 2.8 million acres compared with an indicated harvest of 2.2 million acres in 1945. Farmers are asked to plant as much acreage to rye to be harvested to grain as is consistent with needs for other crops. The goals for wheat and rye for individual states will be worked out by federal and state agencies.

According to a press release the government is considering a new subsidy to lamb producers to slow up the liquidation of lambs. Details have not been worked out but $1 per hundred pounds has been suggested. The object is to assure producers a good price for a substantial period so that they would not rush their flocks to market, thereby depleting breeding stock.

Receipts of livestock at 12 public markets in June showed the following percentage changes from June 1944: Cattle, -5; calves, -18; hogs, -62; and sheep and lambs, -9.

The feed situation will be dominated by the outlook for the corn crop. However, livestock-feed price ratios probably will continue favorable to livestock producers for at least several months, according to the Bureau of Agricultural Economics. Prices of feed grains are likely to be about as high in the months of heavy marketings in 1945 as in 1944. If we have a reasonably late fall which will permit the corn to mature, the 1945-46 supply of feed grains will compare favorably with the relatively large 1944-45 supply.

Between May 15 and June 15 prices received by farmers for agricultural commodities increased to a new high since 1920 and stood at 206 percent of the five-year average, August 1909 to July 1914. The index of prices paid by farmers, including interest and taxes, was unchanged at 173 percent of the base period. Consequently farm prices averaged 119 percent of parity, a new record high since June 1943.

The producer's ceiling prices for potatoes f.o.b. country shipping point for the State of Illinois during the month of July 1945 is $2.95 per hundred pounds.

The United States Department of Commerce polled the presidents of the 12 federal land banks concerning farm land prices and inflation. The 11 presidents that responded said farm land prices are still on the rise. Seven indicated there have been some recent signs of stabilization and four could see no such signs. Six of the presidents said there was likely to be a repetition of the serious farm land situation that followed the first world war.

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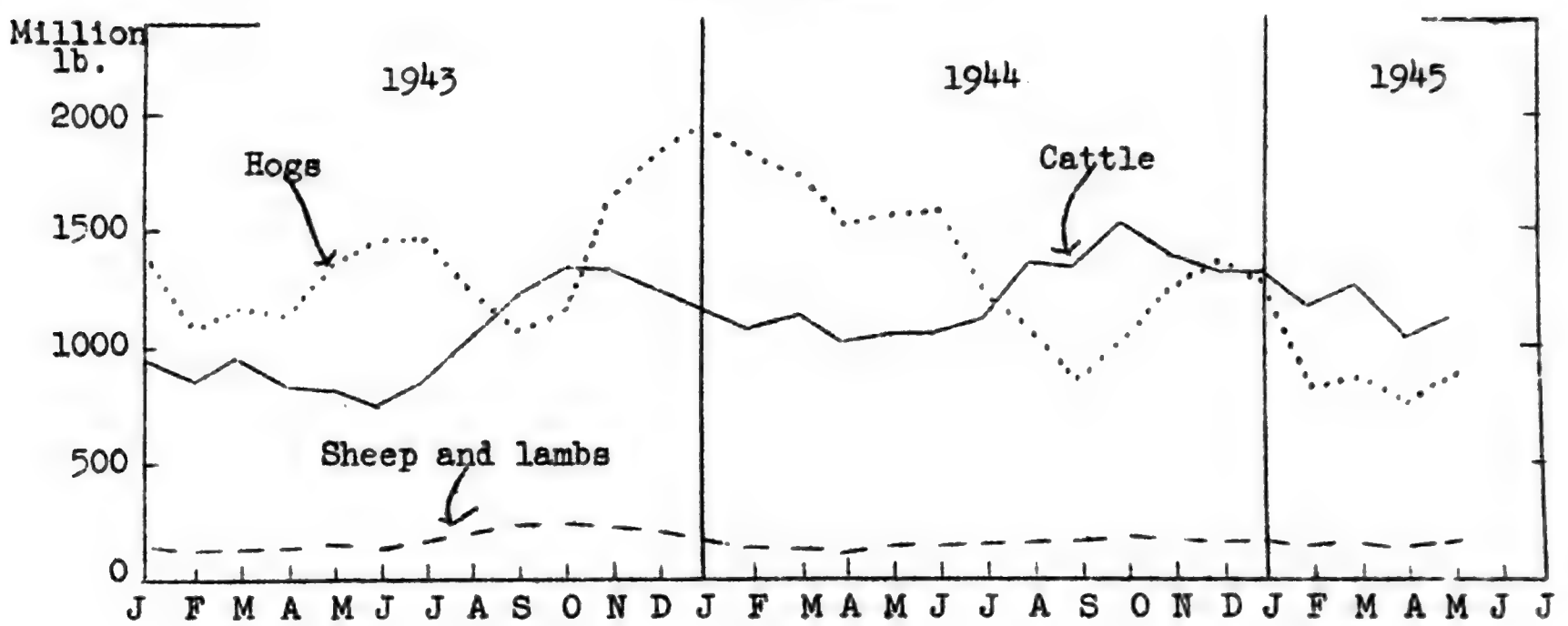
PROSPECTIVE MEAT SUPPLIES FOR 1945 AND 1946
by L. F. Stice, Extension Marketing Specialist

The Bureau of Agricultural Economics has forecast that total meat output will continue at a relatively low level during the summer months, but during October, November, and December of 1945 will be nearly equal to that of these corresponding months of 1944. Total meat production for the year 1945 is now expected to be 9 percent less than the record 1944 production. The kind of meats on the market for the next eight to ten months will be somewhat different than at times in the past. In the latter part of 1943 and first half of 1944 the total live weight of hogs slaughtered under federal inspection exceeded live weight slaughter of cattle and calves (see chart). With the exception of December 1944, the total live weight of cattle and calves slaughtered since last August has exceeded hog slaughter.

The number of cattle on farms January 1, 1945 was only 1 percent less than the record number January 1, 1944, while the 1945 spring pig crop was down 7 percent. Thus monthly slaughter of pork from now until the 1945 fall raised pigs are marketed can be expected to remain below the fall and winter months of 1944-45. Heavy marketings of grass cattle will maintain beef supplies during the rest of 1945, but supplies in the first half of 1946 will depend largely upon the outlook during the coming months for feeding cattle in the corn belt. It is expected that the demand for meat will continue strong through the remainder of 1945 and early 1946 and prices of meat animals will be maintained at or near present levels.

FEDERALLY INSPECTED SLAUGHTER OF LIVESTOCK, LIVE WEIGHT BY MONTHS, U.S., 1943 to date



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Commodity Prices at Chicago

	Cash		September futures (close)	
	Tuesday July 3, 1945	Week ago	Tuesday	Week ago
Wheat (No. 2 red)	$ 1.70 1/4***	$ 1.79**	$1.64 3/8	$1.64 3/4
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2*	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.73**	.71**	.64 3/8	.63 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.335*	.335*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	17.90		
Hog-corn ratio, Chicago, June 30		12.4		

*Ceiling prices.
**Nominal. No cash sales.
***New wheat, graded No. 2 red, tough.

Wheat receipts are rather large at southwestern markets but they are being used to fill previous contracts and are not a serious price depressing factor. It seems that mills have so many orders for flour that the demand for wheat holds up well in the face of rather large receipts. The crop is late in the main winter wheat region, but yields may be a little larger than were forecast a few weeks ago. The transportation situation has improved as more box cars have become available. The fact that west-bound war freight is heavier than east-bound makes possible the availability of box cars for shipping grain from the southwestern area eastward. Friday, June 29, the Santa Fe reported that it had moved 1,600 more cars of wheat since June 15 than during the comparable period last year.

Wheat and rye goals announced. The national wheat goal for 1946 is from 67 to 70 million acres. The 1945 prospective acreage is 68.6 million. It is estimated that the 1946-47 requirements for food, industrial and other nonfood uses, exports and reserves, will require a production of wheat at least equal to this year's record estimated output of 1,085 million bushels. Requirements are expected to be heavy during the months ahead particularly for relief feeding. The demand may decline somewhat before the 1946 wheat crop moves to market, but the size of the 1946 goal would indicate that the government expects the demand to be sustained throughout another year.

The national goal for rye to be harvested for grain in 1946 is 2.8 million acres compared with an indicated harvest of 2.2 million acres in 1945. Farmers are asked to plant as much acreage to rye to be harvested to grain as is consistent with needs for other crops. The goals for wheat and rye for individual states will be worked out by federal and state agencies.

Some talk of lamb subsidy. According to a press release the government is considering a new subsidy to lamb producers. This subsidy is intended to slow up the liquidation of lambs. Producers complain that they cannot meet costs at present ceiling prices and as a result they are selling off flocks at record rates and jeopardizing the future lamb supply. In order to slow up this selling movement, a proposed subsidy would be paid to producers of all lambs marketed now or over a stated period of a year or so. Details have not been worked out but $1 per hundred pounds has been suggested. The object is to assure producers a good price for a substantial period so that they would not rush their flocks to market, thereby depleting breeding stock. Some opponents of the plan believe that producers would rather take the present market prices than gamble on the future when the demands for meat may drop and that the real cause of flock liquidation is the lack of experienced sheep herders instead of low prices.

Livestock receipts in June. Receipts of livestock at 12 public markets in June showed the following percentage changes from June 1944: Cattle, -5; calves, -18; hogs, -62; and sheep and lambs, -9.

The average weight of barrows and gilts at Chicago in June was 269 pounds compared with 240 pounds in June 1944. At St. Paul the average weight was 285 pounds compared with 225 pounds last year.

The feed situation. The feed situation will be dominated by the outlook for the corn crop. However, livestock-feed price ratios probably will continue favorable to livestock producers for at least several months, according to the Bureau of Agricultural Economics. Prices of feed grains are likely to be about as high in the months of heavy marketings in 1945 as in 1944. On June 1 the oats prospects were good. In fact, the second largest oats crop in 20 years was indicated. The carry-over of oats and barley on July 1 is expected to be slightly larger than a year earlier and the carry-over of corn next October 1 probably will be materially larger than on October 1, 1944. If we have a reasonably late fall which will permit the corn to mature, the 1945-46 supply of feed grains will compare favorably with the relatively large 1944-45 supply. Hay supplies may be slightly larger than in 1944-45.

Meat exports from Canada to U.S. put under permit. Export permits are now being required by Canada for shipments of dressed and live poultry and meat to the United States. The permit system was inaugurated because of increased American consumer purchases of Canadian products and was done to safeguard supplies for troops and other priority users. Canada has a contract for 30 million pounds of chicken to feed the United States armed forces and is committed to ship all surplus meat to the United Kingdom and other European countries for emergency relief.

Agricultural prices on June 15. Between May 15 and June 15 prices received by farmers for agricultural commodities increased to a new high since 1920 and stood at 206 percent of the five-year average, August 1909 to July 1914. Prices rose 6 points during the month and were 13 points above a year earlier. This was the greatest rise in any one month since March 1943. The index of prices paid by farmers, including interest and taxes, was unchanged at 173 percent of the base period. Consequently farm prices averaged 119 percent of parity, a new record high since June 1943.

Prices of truck crops advanced 76 points during the month to raise the index of prices received by farmers for all crops to 210 percent of the base period or 12 points higher than on May 15. Fruit prices also rose during the month. There was little change in prices of livestock and livestock products.

Potato price ceiling. The producer's ceiling prices for potatoes f.o.b. country shipping point for the State of Illinois during the month of July 1945 is $2.95 per hundred pounds. New ceilings will be established for the rest of the calendar year. In general they will be the same as those used during the corresponding months of last year for late and intermediate potatoes. The level of retail ceiling prices for potatoes will not be affected by the new prices.

Land bank presidents fear further land price rise. The United States Department of Commerce polled the presidents of the 12 federal land banks concerning farm land prices and inflation. The 11 presidents that responded said farm land prices are still on the rise. Seven indicated there have been some recent signs of stabilization and 4 could see no such signs. Six of the presidents said there was likely to be a repetition of the serious farm land situation that followed the first world war.

The Department of Commerce called attention to the differences between the situation now and that following World War I particularly with regard to the fact that farm mortgage indebtedness, instead of rising rapidly as it did during and following World War I, has decreased in this war. Operating farmers compose a great majority of purchasers and the proportion of cash used in purchases is higher now than during the previous war period. On the other hand, the land price rise is more widely distributed over the country this time than in World War I. At that time the Midwest corn belt experienced the wildest land price inflation. It seems that those lessons have not all been forgotten in the corn belt.

Postwar possibilities. The Bureau of Agricultural Economics has made an estimate of probable agricultural prices, production and income under full employment, intermediate employment, and serious depression. The following statements summarize their conclusions and are to be interpreted as possibilities under the different assumptions made and not forecasts of what will happen after the war.

"What peace can mean to American farmers depends more on the level of business activity and nonfarm employment that can be maintained after the war than upon anything else. With a general price level about the same as in 1943 and with no more than 2 million workers 'frictionally' employed, the national income, after reconversion--or about the year 1950--would stand at approximately 150 billion dollars; and a sustained export outlet could be maintained for about 6 billion dollars' worth of American goods--almost 20 percent or 1.2 billion dollar's worth of which would be agricultural products. This could be done with a moderate degree of international collaboration.

"Under these circumstances, and without any governmental programs to support farm prices or to induce changes in farm production, the prices for farm products on the average would stand at about parity, compared with 119 percent of parity in 1943. Cash income from farm marketings would amount to about 17 billions, or only about 2 billions less than in 1943. Some farm prices, however, would be substantially lower than others, as compared with recent wartime levels.

"With current technology, the cropland needed to meet requirements in 1950 under full employment would be some 18.6 million acres more than were used in 1943. Allowing, however, for moderate improvements in technology between now and 1950, all the products required to meet foreign and domestic demand at that time under conditions of full employment could be produced on 327 million acres of cropland or about 23 million acres less than was used in 1943. This suggests the possibility that agricultural production generally might outrun demand even under full employment.

"A government program to supplement the diets of low-income people would provide an outlet for the product of additional cropland totaling about 5 million acres.

"Should unemployment reach such a huge total as 17 millions, a level for 1950 comparable to that reached in the early thirties, the national income would be hardly more than one-third of what it would be under full employment, and agriculture would be prostrate again--as it was then.

"Even conditions under which 7 millions of the 60 million workers were out of work would create great difficulties for agriculture. Farm income would fall to two-thirds of what it would be under full employment, the average level of farm prices would be only three-fourths as high, and the parity ratio for average farm prices would stand at less than 90 percent.

"The net conclusion from all this is that with full employment the post-war adjustments required in agriculture will be manageable but that the difficulties will multiply as the number of unemployed is increased."

GLJ:wl
7/3/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

by G. L. Jordan
Professor, Agricultural Economics
(Prepared July 12) '45

Prices on the grain futures markets were erratic during the past week because of changes in margin requirements. The milling demand for wheat has remained strong. More and more attention is being given to the possibility of further restricting exports of all grains except wheat, at least until new crop prospects are a little more clearly defined.

There were heavy runs of fed cattle Monday and Tuesday of this week. Monday the large run was well absorbed by order buyers who shipped the cattle east. However, the receipts were again large Tuesday, and prices declined somewhat. During the previous week common, medium and average good grade grassy steers advanced as much as 50 cents. This was contrary to the usual seasonal trend and represented a situation in plain cattle that has not been seen in several years. The rise in the cost of feeder cattle relative to the price that can be received for the finished product has further complicated the cattle feeder's problems. This week medium to low grades dragged, but choice steers were in active demand.

The most striking feature of the government crop report was the half billion bushel reduction in corn production compared with last year. On the other hand, the total wheat production is estimated at 1,129 million bushels, which would be the largest on record. Corn production is placed at 2,685 million bushels compared with the record crop of 3,228 million bushels last year. Oats production is estimated at 1,419 million bushels, the largest in 25 years and 253 million bushels above last year. The barley crop, estimated at 256 million bushels, is down slightly from last year, but rye production will be up. Part of the reduction in corn production will be offset by an increase of about 186 million bushels in the stocks of corn on farms July 1. Oats holdings were also up 26 million bushels, but farm stocks of wheat were down 14 million bushels. Another large acreage of soybeans is in prospect for 1945, but the acreage of beans grown alone for all purposes is down 2 percent from last year. The following comparisons apply to Illinois: Winter wheat production, July 1 estimate, 28.1 million bushels; final 1944, 24.5 million bushels. Oats production, July 1 estimate, 134.2 million bushels (102.0 million bushels). Corn production, July 1 estimate, 365.5 million bushels (403.7 million bushels).

Prices of the principal products ranked as follows June 15 for the U.S.:

Item	Percent of parity	Item	Percent of parity	Item	Percent of parity
Potatoes	144	Soybeans	131	Eggs	112
Chickens	140	Milk	123	Corn	100
Beef cattle	138	Butterfat	120	Wheat	98
Lambs	132	Veal calves	118	Oats	98
Wool	132	Hogs	112	Hay	77

The largest potato crop ever reported is in prospect for this year. The crop is forecast at 63.1 million bushels this year compared with 52.7 million bushels in 1944.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

TRENDS IN MILK MARKETING

By L. F. Stice, Extension Marketing Specialist

The trend towards the marketing of dairy products as whole milk rather than as cream is significant both to the dairyman and to the marketing and processing agencies handling dairy products, for it involves changes in both transportation and processing facilities needed. The Bureau of Agricultural Economics estimates that the quantity of whole milk sold wholesale in the United States almost doubled from 1934 through 1944, rising from 34 billion pounds to nearly 65 billion pounds. Approximately half, or 17 billion pounds of this increase was obtained from increased milk production on farms but the balance was at the expense of decreases in the marketing of cream, retail sales by farmers of milk and butter, and smaller farm consumption. Sales of cream at wholesale (on milk equivalent basis) declined from 34 billion pounds in 1934 to 27 billion pounds in 1944.

That this trend of selling fluid milk rather than cream has been more pronounced for the five eastern corn belt states (includes Illinois) than for the country as a whole is indicated by the data below. These percentage figures represent the proportion of total farm milk production which was delivered wholesale as milk and as cream for the different periods.

	Eastern Corn Belt		United States	
Years	Milk	Cream	Milk	Cream
1924-1933 average	45.7%	31.7%	31.7%	34.2%
1934-1939 "	54.9%	25.7%	38.0%	31.4%
1940-1944 "	70.3%	15.2%	48.7%	27.0%

The question is, will this trend continue? It probably will during 1945, but at a reduced rate. If it is to continue after the war the consumption of fluid milk and whole milk products will need to be even greater than at present. Between 1934 and 1940 the marked increase in the consumption of evaporated milk, cheese and fluid milk was chiefly responsible for greater marketings of whole milk. Since 1940 there has been an even greater acceleration caused by the large nonciviliian requirement for whole milk products including evaporated milk, cheese, and dry milk solids.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared July 12)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures (close)	
	Wednesday July 11, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.69 1/2	$ 1.70 1/4***	$1.63 1/8	$1.64 3/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2b*	1.18 1/2*
Oats (No. 2 white)	.70 1/2	.73**	.65 1/8	.64 3/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.335*	.335*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, July 7	12.4	12.4		

*Ceiling prices.
**Nominal. No cash sales.
***New wheat, graded No. 2 red, tough.

Prices on the grain futures markets were erratic during the past week--not because of any change in the cash situation, but because of changes in margin requirements. Rye futures were especially hard hit. However, the milling demand for wheat has remained strong, and all markets recovered Tuesday in anticipation of the rather bearish corn prospect. More and more attention is being given to the possibility of further restricting exports of all grains except wheat, at least until new crop prospects are a little more clearly defined.

There were heavy runs of fed cattle Monday and Tuesday of this week. Monday the large run was well absorbed by order buyers who shipped the cattle east. However, the receipts were again large Tuesday, and prices declined somewhat. During the previous week common, medium and average good grade grassy steers advanced as much as 50 cents. This was contrary to the usual seasonal trend and represented a situation in plain cattle that has not been seen in several years. The rise in the cost of feeder cattle relative to the price that can be received for the finished product has further complicated the cattle feeder's problems. This week medium to low grades dragged, but choice steers were in active demand.

Government crop estimate. The official government crop estimate of July 1 conditions was released Tuesday, July 10. The most striking feature was the half billion bushel reduction in corn production compared with last year. On the other hand, the total wheat production is estimated at 1,129 million bushels, which would be the largest on record. Last year we harvested 1,079 million bushels of wheat. Corn production is placed at 2,685 million bushels compared with the record crop of 3,228 million bushels last year. Oats production is estimated at 1,419 million bushels, the largest in 25 years and 253 million bushels above last year. The barley crop, estimated at 256 million bushels, is down slightly from last year, but rye production will be up.

Part of the reduction in corn this year will be due to a decrease of 5.1 percent in acreage, but acreages of wheat and oats are both up. Part of the reduction in corn production will be offset by an increase of about 186 million bushels in the stocks of corn on farms July 1. Oats holdings were also up 26 million bushels, but farm stocks of wheat were down 14 million bushels.

Another large acreage of soybeans is in prospect for 1945, but the acreage of beans grown alone for all purposes is down 2 percent from last year but still 46 percent larger than the 10-year, 1934-43, average.

The following comparisons apply to Illinois: Winter wheat production, July 1 estimate, 28.1 million bushels; final 1944, 24.5 million bushels. Oats production, July 1 estimate, 134.2 million bushels (102.0 million bushels). Corn production, July 1 estimate, 365.5 million bushels (403.7 million bushels).

June 15 prices of farm products. For the country as a whole, farm products brought 119 percent of parity, as of June 15. The principal products produced in Illinois ranked as follows:

Item	Percent of parity	Item	Percent of parity	Item	Percent of parity
Potatoes	144	Soybeans	131	Eggs	112
Chickens	140	Milk	123	Corn	100
Beef cattle	138	Butterfat	120	Wheat	98
Lambs	132	Veal calves	118	Oats	98
Wool	132	Hogs	112	Hay	77

European and Canadian crop prospects. The United States Department of Agriculture reported last week that the outlook for grain production in Europe this year is the poorest of the entire war period. Wheat prospects are particularly unfavorable. Food allocation officials of the Department of Agriculture estimate that 650 million bushels of American wheat will have to go to Europe in the next year--half from Canada and half from this country. The least favorable outlook is in the Mediterranean area, where they had a drouth. Prospects in northern Europe are best. Production in France, the Netherlands and central and eastern Europe will be reduced because of reduced seedings and a shortage of fertilizer. Land reforms in Poland, the Baltic States, Hungary, Czechoslovakia and eastern Germany seem to have disrupted production. Grain seedings in Russia are much above 1944, and prospects indicate the best crop there since 1940.

The Bank of Montreal reports improved crop prospects in Canada's prairie provinces and also in the provinces of Quebec and Ontario. In some sections the season is about two weeks late, and timely rains and warm weather still will be needed. The Dominion Bureau of Statistics reports spring wheat condition in Canada on June 30 at 97 percent normal compared with 119 percent on the same date last year. Condition of oats is 81 percent compared to 97 percent a year ago, and rye 78 percent against 92 percent a year ago.

The cattle situation. Government officials suggest that marketings of both grass-fat and grain-fed cattle in the last half of 1945 probably will be larger than a year earlier. Total cattle and calf slaughter in the first half of this year apparently was about 10 percent larger than a year earlier. With the continuing large slaughter of cattle and calves, total meat output during the spring and summer of 1946

may be slightly greater than this year. However, civilian supplies of meat are expected to remain below demand at ceiling prices during the remainder of 1945 and in the first half of 1946, according to government officials. They anticipate that the prices of meat animals probably will be maintained at or near present levels during most of this period.

Slaughter rules changed. Secretary of Agriculture Anderson has outlined requirements which small slaughterers must meet to qualify for removal of quota limitations and to ship nonfederally inspected meat across state lines. It is expected that the first certificates under this system will be issued within a few weeks. Revisions cover an estimated one-third of the meat supply. To obtain these special certificates permitting unlimited slaughtering and interstate shipment, slaughterers must show that: (1) OPA prices, rationing and other regulations have been and are being observed; (2) the meat will move at legal prices in legitimate channels; (3) the plant meets sanitary standards, to be announced later; (4) slaughtering is done under supervision of "qualified" inspectors, and (5) meat will be supplied government agencies in quantities to be determined later.

Large potato crop expected. The largest potato crop ever reported is in prospect for this year, based on potato yields announced by the United States Department of Agriculture. The crop is forecast at 63.1 million bushels this year compared with 52.7 million bushels in 1944 and a ten-year average of 48.1 million bushels. Commercial production of early potatoes was about 31 percent above last season's crop.

More butter in August. The set-aside of creamery butter for government purchase for the month of August has been reduced to 30 percent as a result of revised war requirements, according to Secretary of Agriculture Anderson. The set-aside during July was 50 percent. This will make available a 10 percent increase in the quantity of butter to go to civilians in August and will make possible a slight reduction in the point value of butter effective July 29. The quantity available for the month of August for civilian use will be about 90 million pounds compared with about 80 million pounds in each of the past few months.

Fats and oil supply to remain tight. The tight supply situation in fats and oils probably will continue well into 1946, according to a Department of Agriculture report. Some improvement will result when this fall's pig crop has been slaughtered and the lard reaches consumer channels. An increase of 100 million pounds in lard output is anticipated, but that will not be available until next year. Some decrease is expected in military requirements for fats and oils next year. Net exports of fats and oils which were in great demand for use in liberated countries were only slightly larger in 1944 than in 1943. Stocks on hand June 1 this year were reported as the lowest in many years. No great change in output of domestically produced vegetable oils is anticipated.

Retail prices of food rise. Retail cost to consumers of foods commonly used in largest quantities rose during the month of May to reach the highest level since July 1943. The rise was due to an increase in food marketing charges which more than offset a one percent decline in the payment to farmers for equivalent quantities of produce. The farmer's share of the consumer dollar spent for farm food products fell to 53 cents in May from the recent high of 55 cents in January and a revised estimate of 54 cents in April. The increased marketing charges were largely for marketing fresh fruits and vegetables.

The fruit situation. Based on June 1 indications, the prospective aggregate production of peaches, pears, plums and prunes, cherries and apricots in 1945 is nearly as large as the above-average production of 1944, according to the Bureau of Agricultural Economics. Included in the estimate is a record large crop of peaches; a total crop of cherries somewhat below average, including a record low production of sour cherries and a record large crop of sweet cherries; an apricot crop one-third smaller than last year but above average, and a pear crop only slightly smaller than last year's record large crop. A heavy crop of pears in the three Pacific Coast states will about offset the short crop in the New England, Atlantic and North Central States. The apple crop will be short, probably even smaller than the short 1943 crop. The heavy reduction in apple production in the eastern two-thirds of the United States will be partly offset by an average or larger than average production in the western states.

The 1945 commercial packs of canned fruits and fruit juices, dried fruits and frozen fruits are expected to be about as large as those of 1944. Civilians will get a slightly larger quantity of frozen fruits and about the same quantity of canned fruits and fruit juices, but moderately smaller quantities of dried fruits.

GLJ:wl
7/11/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared July 19) 1945

Prices of grain futures and securities tumbled Tuesday as a result of a rumor that Japan might soon surrender. The action of prices this week reflects the complexity of the current situation in grains. Offerings of feed grains are very light. The demand is very strong, and the July 1 crop report indicated a severe drop from last year's production of corn. On the other hand we shall have a new high record output of wheat; pastures are excellent; we have fine crops of hay and alfalfa, and the oats crop is good.

Civilians will get about 5 percent more of the total production of the three top grades of federally inspected lamb as a result of a reduction by the Department of Agriculture in the set-aside of lamb for government purchase. The over-all set-aside of army-style beef also has been reduced from the current 30 percent to an average of 25 percent of the total quantity produced by federally inspected slaughterers.

On July 1 the number of hired workers employed on farms was the lowest on record for that month, but farm wage rates climbed to new peaks. Farm employment was down 2 percent from a year earlier, but average monthly wage rates were up by $8.30. Farm wage rates on July 1 were 351 percent of the 1910-14 average.

It is expected that, when the figures are all in, cash receipts from farm marketings in June may amount to about 1.5 billion dollars, 5 percent above May and slightly above June 1944. Receipts in July from all sources may be from 5 to 10 percent higher than in June; then in August the cash receipts may rise as much as 10 percent over July and somewhat above August 1944. Increasing costs may result in some reduction in net income from agriculture in 1945 compared with 1944.

The following table shows the ranking of the various exporting countries in food exports for the three years 1942-1944 as a percent of prewar and percent of total:

Country	Value of exports, prewar	Average 1942-1944 Percent of prewar	Average 1942-1944 Percent of total
	Million dollars	%	%
United States	212	395	33.0
Canada	217	189	16.2
Argentina	548	81	17.4
Brazil	230	78	7.4
Uruguay	58	73	1.7
Chile	10	78	.3
Australia	272	84	9.0
New Zealand	242	95	9.0

It would be logical to expect exports from the predominately agriculture countries of Argentina, Brazil, Australia and New Zealand to dominate a greatly restricted export market for farm products after the war.

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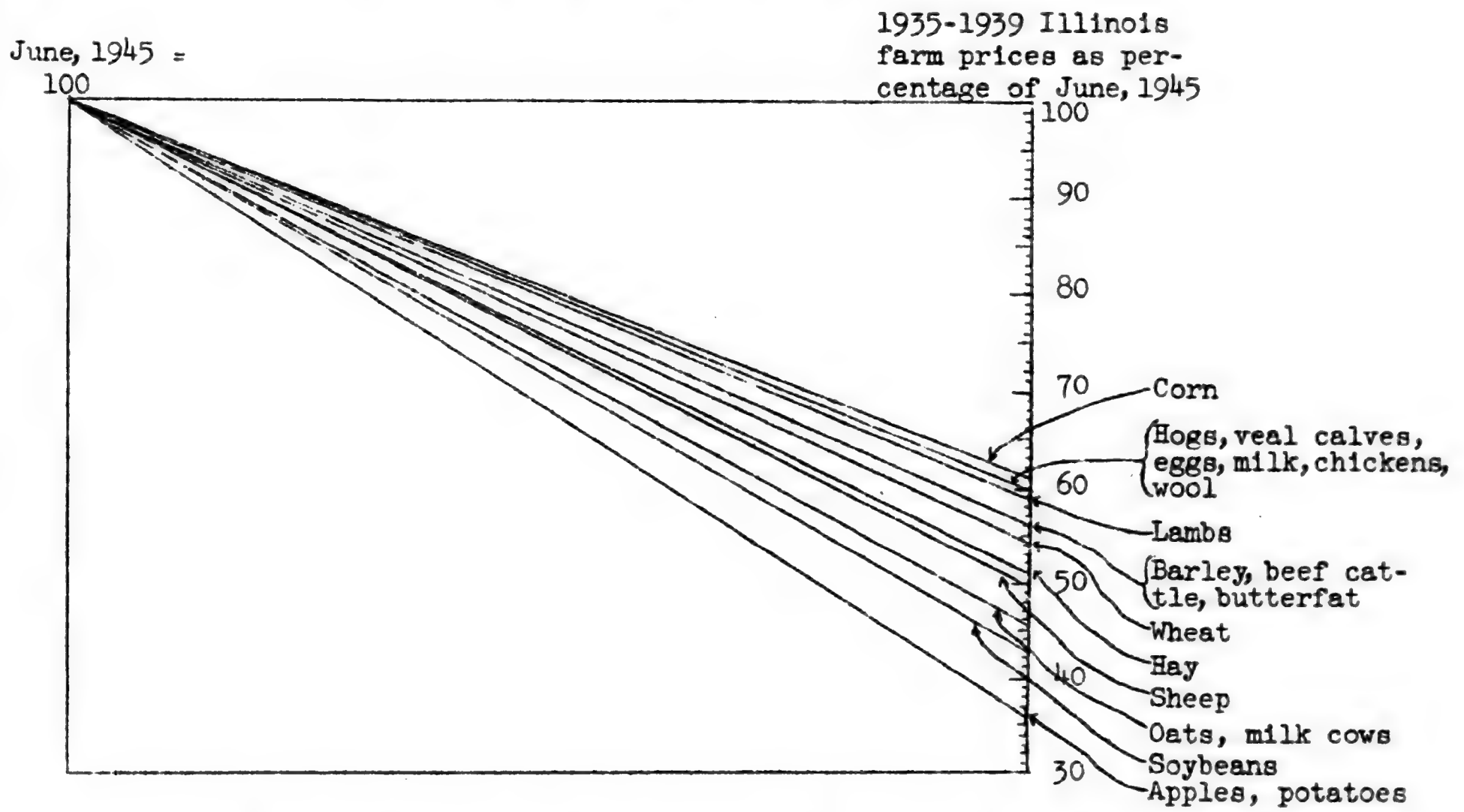
Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914

THE RELATION OF 1935-1939 AVERAGE
ILLINOIS FARM PRICES TO JUNE 15, 1945, PRICES



The above chart shows what would happen to prices if they should drop to the prewar 1935-1939 averages. Even if they remained 25 percent above the 1935-1939 averages, there would be quite a decline in prices of many farm products--the right-hand side would be raised 10 to 15 points.

Apples and potatoes are farthest out of line--partly a seasonal matter. Soybeans, oats and milk cows are far too high in price in relation to the longer time outlook. Corn prices have risen least, but a 39 percent decline to a yearly average of 66 cents would be severe enough.

Last week we listed June 15 U. S. farm prices as percentages of parity. The above comparison is much more realistic because of the remoteness of the base used in computing parity prices. The same relationship between prices of individual products will not prevail after the war as in 1935-1939, but the changes are likely to be relatively small.

G.L.J.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared July 19)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		September futures (close)	
	Wednesday July 18, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$1.66-1.66 1/2	$ 1.69 1/2	$1.61	$1.63 1/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2b*	1.18 1/2b*
Oats (No. 2 white)	.69 1/2	.70 1/2	.63 3/4	.65 1/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.335*	.335*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, July 14	13.1	12.4		

*Ceiling prices.
**Nominal. No cash sales.

Prices of grain futures and securities tumbled Tuesday as a result of a rumor that Japan might soon surrender. Premier Stalin was supposed to have Japan's terms, and President Truman was thought to be in a position to indicate the terms of surrender we were willing to accept. Stock prices declined the farthest in many months. Rye prices dropped from two to three cents a bushel, wheat prices declined fractionally and corn futures sold at below the ceiling for the first time since the new crop futures reached the ceiling price a week or so ago.

The action of prices this week reflects the complexity of the current situation in grains. Offerings of feed grains are very light. The demand is very strong, and the July 1 crop report indicated a severe drop from last year's production of corn. On the other hand we shall have a new high record output of wheat; pastures are excellent; we have fine crops of hay and alfalfa, and the oats crop is good.

Wheat is coming to market in rather large volume, but the demand for flour holds up well. The May grind of wheat of 54 1/2 million bushels was higher than in April and also higher than in May 1944. The regular grind of flour was the largest of any month in the past year. Flour output has been high for the past 12 months. The Commodity Credit Corporation reported that it had sold 139 million bushels of wheat for feed in the year ending June 30, and had also disposed of 113 million bushels, which went to military and lend-lease buyers. The heavy demand for wheat has caused government experts to suggest that the carry-over of wheat may not be much different from last year's 316 million bushels. A private concern thinks that this estimate will have to be revised downward to about 285 million bushels this year. Feed manufacturers point out that wheat for feed is needed now because they are unable to

procure corn and farmers show no signs of increasing their marketings. It is hoped that the situation will ease as the new crop becomes available. However, in spite of the heavy yield of oats, the estimated production of the three important feed grains, corn, oats and barley, as of July 1 was around 319 million bushels less than the 1944 yield. In addition, the acreage of sorghums planted for grain, silage and forage was placed at around 11 percent less than was planted in 1944.

In order to help conserve the nation's potential feed supply, the Secretary of Agriculture has issued an order requiring that "no distiller with a feed recovery plant may use any grain in the manufacture of alcohol or alcoholic beverages or spirits by any process including distillation unless all feed by-products from the processing are recovered up to the capacity of the plant." This action was taken to salvage feed that otherwise might be wasted.

The Feed Industry Council prepared a 10-point feed program for consideration of the United States Department of Agriculture in working out existing problems in the feed industry. Among the recommendations they included: Reinstate a feed-wheat program, continue export bans on corn indefinitely, and take steps to increase imports of proteins, animal fats, marine and vegetable proteins, and molasses for feeding purposes.

Lamb and beef set-aside reduced. Civilians will get about 5 percent more of the total production of the three top grades of federally inspected lamb as a result of a reduction by the Department of Agriculture in the set-aside of lamb for government purchase. The armed forces are now receiving more lamb under the old set-aside rule than allocated. The new rule will remain in operation until further notice. The over-all set-aside of army-style beef also has been reduced from the current 30 percent to an average of 25 percent of the total quantity produced by federally inspected slaughterers. The set-aside of utility grade and canner and cutter beef remains unchanged at 65 percent.

More fats and oils? The recent action by the OPA in the reduction of the red point value of butter has led traders in fats and oils to wonder if this action might have significance as the beginning of a period of more plentiful supplies and might indicate that the low ebb for this type of product has already been reached. The current situation in fats and oils is tight; everything sells at ceiling price. About the only thing that could ease the situation would be the end of the war, increased imports, a reduction of exports or a liquidation of livestock numbers as a result of a drouth or other unfavorable circumstances.

Cold storage holdings of meat. On July 1 cold storage holdings of poultry were about three-fourths as much as a year ago, beef was up one-fourth, pork was only two-fifths and lard one-sixth of the quantity in storage July 1, 1944. Compared with the July 1 five-year average (1940-1944), frozen poultry holdings were up 20 percent, beef holdings were up 170 percent, pork holdings were down about 48 percent and lard holdings were down 78 percent.

The farm labor situation. On July 1 the number of hired workers employed on farms was the lowest on record for that month, but farms wage rates climbed to new peaks. Farm employment was down 2 percent from a year earlier, but the average monthly wage rates were up by $8.30. The number of hired workers on July 1 was almost 7 percent less than a year earlier; the decline in the corn belt was 15 percent. Family workers were only about 1 percent less than a year ago for the country as a whole. Farm wage rates on July 1 were 351 percent of the 1910-14 average.

The farm income situation. It is expected that, when the figures are all in, cash receipts from farm marketings in June may amount to about 1.5 billion dollars, 5 percent above May and slightly above June 1944. Instead of making the usual decline, income from livestock and livestock products in June was slightly above May. Cash receipts from crops in June may be about 10 percent greater than in May. Most of the increased income from crops has resulted from larger quantities carried over from the previous year. It is also estimated that receipts in July from all sources may be from 5 to 10 percent higher than in June; then in August the cash receipts may rise as much as 10 percent over July and somewhat above August 1944. Increasing costs may result in some reduction in net income from agriculture in 1945 compared with 1944.

Poultry and egg situation. The demand for poultry and eggs is expected to remain unusually strong for the remainder of 1945, reflecting scarcity of meat, a high level of consumer's purchasing power and large army procurement. Prices received for chickens and turkeys probably will be higher for the rest of 1945 than in the corresponding period of 1944. This demand may weaken somewhat in 1946 as a result of some decline in consumers' income and an increased supply of other meat available for civilians beginning late next spring. It is expected that the production of chicken meat and turkey meat will be larger in 1946 than in 1945. Prospects are for a record output of turkey meat in 1945, at least 10 percent higher than the amount produced in 1944.

United States ranks high as food exporter. The following table shows the ranking of the various exporting countries in food exports for the three years 1942-1944 as a percent of prewar and percent of total.

Country	Value of exports a/, prewar	Average 1942-1944 Percent of prewar	Average 1942-1944 Percent of total
	Million dollars	%	%
United States	212	395	33.0
Canada	217	189	16.2
Argentina	548	81	17.4
Brazil	230	78	7.1
Uruguay	58	73	1.7
Chile	10	78	.3
Australia	272	84	9.0
New Zealand	242	95	9.0

a/ Exports of each country valued at average 1935-1939 prices of products exported by the United States; commodities not exported valued at United States import prices for same period.

It will be observed that exports from the United States were approximately double those of Canada and Argentina in terms of the percent of total agricultural exports during the recent three-year period. However, in the prewar period the value of United States exports was slightly less than the value of those of Canada and only about 40 percent as large as those from Argentina. The relationship between exports from the United States and other countries, including Brazil, Australia and New Zealand, has also changed greatly. It would be logical to expect exports from the predominately agricultural countries of Argentina, Brazil, Australia and New Zealand to dominate a greatly restricted export market for farm products after the war.

Vegetable seed production increased. In prewar years the average three-year production of the large-seeded vegetables--peas, beans and sweet-corn--was about 100 million pounds; in 1943 and 1944 the average was nearly 300 million pounds. The three-year average production of small vegetable seeds was formerly about 10 million pounds; the 1944 production was more than 35 million pounds. The four leading biennial seed crops--beets, cabbage, carrots and onions--in 1944 showed production of nearly 4 1/2 times the prewar average. 7/19/45 GLJ:d

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared August 2) 1945

Secretary Anderson decided against reestablishment at this time of a program under which the government would subsidize the use of wheat for livestock feed. This decision apparently was based on the uncertainty of demands for wheat as food, the uncertainty concerning the outcome of this year's corn crop, and the fact that export demands for wheat for food have not yet been fully determined.

Oats prices have been strong during the past week as a result of several factors. The demand for feed grains of all kinds has been strong for months, and the decision not to subsidize the sale of wheat for feed has added to the demand for oats. Farmers are likely to feed oats heavily, and the demand at the terminal markets will remain strong.

The Bureau of Agricultural Economics suggests that prices received by farmers for dairy products during the first quarter of 1946 will be nearly the same as in the corresponding period of 1944-45. Cash receipts from dairy products by farmers in 1945 will be about 3 percent above the 1944 record. Creamery butter production in 1944 sank to the lowest level in 16 years. On the other hand, new high records were reached in the production of cream, dry whole milk and nonfat milk solids. Near-record marks were reached in the output of canned evaporated milk, and only in one year was Cheddar cheese production greater than last year.

Payments will be made to sheep raisers and lamb feeders in order to increase the supply of lamb and mutton by helping producers meet increased costs. Payments become effective on sheep and lambs marketed on or after August 5 through June 30, 1946. Payments will be made to producers who sell to legally authorized slaughterers and will range from $1.50 to $2.50 per hundred weight for lambs weighing 65 to 90 pounds; from $2.15 to $3.15 per hundred weight for lambs weighting over 90 pounds; and $1.00 per hundred weight for all other sheep and lambs. Sellers should retain their sales accounts, invoices and other evidence showing the weights and purchasers of all lambs and sheep sold on or after August 5, 1945. Payments to sellers are to be made through the offices of the county AAA committees.

The U. S. Department of Agriculture is preparing plans to support egg prices in 1946 should that become necessary as a result of continued high production and a substantial decrease in the demand for eggs from the armed forces.

The government has reduced the set-aside on lard. The new requirement is 4 percent of the live weight on hogs instead of the former 5 1/2 percent.

Farm real estate values continued to rise during the four months ended July 1, 1945. The increase for the country as a whole was about 3 percent, bringing the values up to 130 percent of the 1912-14 average, 11 percent above the July 1944 level and 57 percent above the 1935-39 average. Since March 1941, values have risen 53 percent, or an average of one percent a month. Per-acre farm real estate values in Illinois on July 1 were 64 percent above the average 1935-39 values.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

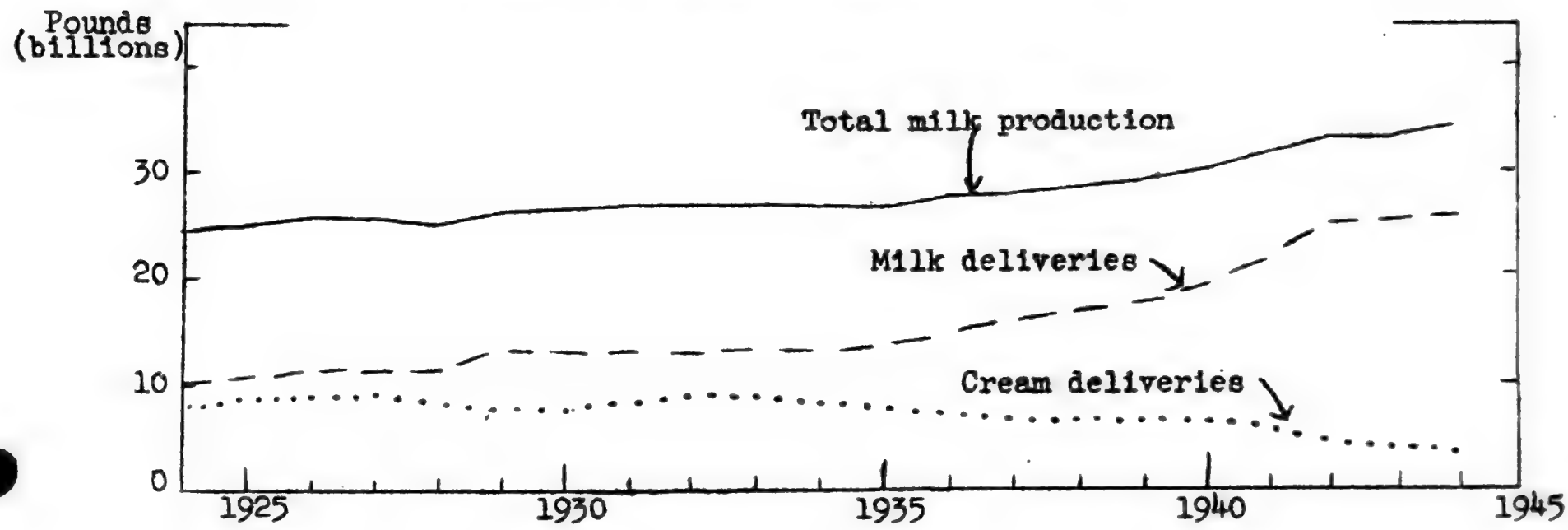
POSTWAR EXPORTS OF DAIRY PRODUCTS
By L. F. Stice, Extension Marketing Specialist

In the July 12 issue of this letter under the title "Trends in Milk Marketing" it was pointed out that there has been a marked increase in the marketing of whole milk in recent years (see chart) and that much of this increase since 1940 has been caused by increased noncivilian requirements for evaporated milk, cheese and dry milk solids. The Bureau of Agricultural Economics has recently issued a statement which has a direct bearing on the probable direction of this trend in the postwar period. It is as follows:

"Exports of canned milk and cheese will be reduced significantly from wartime levels in the postwar period, due to the disappearance of wartime needs by the United Kingdom and the rebuilding of the dairy industry in Europe. Shipments of dried milks, especially nonfat dry milk solids, may continue at a fairly high level as a result of consumer acceptance in the United Kingdom and the comparatively low price of the product. The United States will probably revert to its prewar status with respect to butter, neither exporting nor importing any substantial quantities. Exports of all dairy products during the past three years (1942-1944) were equivalent to about 4 percent of the total milk production. Exports of evaporated milk equaled about 15 percent of the production of that product, cheese nearly 25 percent, and nonfat dry milk solids about 30 percent."

The reduction of these exports, the largest recipients of which have been the United Kingdom, the British War Services and Russia, will likely cause some downward adjustment in farm prices of whole milk.

TOTAL FARM MILK PRODUCTION AND WHOLESALE DELIVERIES OF MILK AND CREAM, EAST NORTH CENTRAL STATES, 1935-1944



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared August 2)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday August 1, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$1.68 1/2	$1.67-1.67 1/2	$1.65 3/8	$1.64 1/2
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.69 3/4-.70	.67 1/2**	.64 7/8	.64 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.356*	.346*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, July 28	12.2	12.2		

*Ceiling prices.
**Nominal. No cash sales.

Secretary Anderson decided against reestablishment at this time of a program under which the government would subsidize the use of wheat for livestock feed. This decision apparently was based on the uncertainty of demands for wheat as food, the uncertainty concerning the outcome of this year's corn crop, and the fact that export demands for wheat for food have not yet been fully determined. The reluctance to increase the use of wheat for feed by means of a subsidy may have been caused somewhat by the unusually heavy disappearance of wheat stocks for the three months ending July 1. Withdrawals in that period totaled 301 million bushels compared with 228 million bushels in 1944. Stocks of old wheat in all positions on July 1 were 262 million bushels. About 10 days ago shipments of wheat to Kansas City, Missouri, and St. Louis were halted except under permit. The permit system was inaugurated to relieve the grain-car congestion at Kansas City and to prevent shifting the Kansas City movement to St. Louis. Recent reports indicate that it will be unnecessary to retain this permit system for Kansas City, as the situation is clearing up.

An order has been issued prohibiting the use of corn and limiting the use of other grains in the manufacture of alcohol. This was done to conserve grain supplies needed for food and feed, according to the U. S. Department of Agriculture.

Oats prices have been strong during the past week as a result of several factors. The demand for feed grains of all kinds has been strong for months, and the decision not to subsidize the sale of wheat for feed has added to the demand for oats. Farmers are likely to feed oats heavily, and the demand at the terminal markets will remain strong. Eastern dairymen and poultrymen are having difficulty in obtaining corn and will be anxious to purchase oats, barley or other grains that can be used in their rations. They were the ones who strongly urged the adoption of the subsidized wheat-feed program, and their situation may become so critical that such a program will be inaugurated later. In general oats seem to be yielding well and the quality is excellent.

The dairy situation. The outlook for exports of dairy products is discussed by Professor Stice in another section of this review. The Bureau of Agricultural Economics suggests that prices received by farmers for dairy products during the first quarter of 1946 will be nearly the same as in the corresponding period of 1944-45. Cash receipts from dairy products by farmers in 1945 will be about 3 percent above the 1944 record of 2,969 million dollars, reflecting increased production and further increases in whole milk marketings. Not much change is expected in unit returns from sales of whole milk but, with larger government payments, returns from sales of butterfat will be substantially higher. The demand for dairy products is expected to continue strong during 1945 and early 1946. Unless we have a serious deterioration in pastures, milk production is likely to continue at a record level during the rest of 1945.

Creamery butter production in 1944 sank to the lowest level in 16 years. Output was 1,488 million pounds, according to the United States Department of Agriculture. This was 11 percent under production of the preceding year and 18 percent under the average production in the years 1938-42, inclusive. On the other hand, new high records were reached in the production of cream, dry whole milk and nonfat milk solids. Near-record marks were reached in the output of canned evaporated milk, and only in one year was Cheddar cheese production greater than last year.

Government payments to sheep raisers and lamb feeders. Secretary Anderson announced that payments will be made through the Commodity Credit Corporation to sheep raisers and lamb feeders in order to increase the supply of lamb and mutton by helping producers meet increased costs. Payments become effective on sheep and lambs marketed on or after August 5 through June 30, 1946. Payments will be made to producers who sell to legally authorized slaughterers and will range from $1.50 to $2.50 per hundred weight for lambs weighing 65 to 90 pounds; from $2.15 to $3.15 per hundred weight for lambs weighing over 90 pounds; and $1.00 per hundred weight for all other sheep and lambs. The highest payments are to be made on lambs weighing over 90 pounds during the months when fed lambs are usually marketed. Sellers should retain their sales accounts, invoices and other evidence showing the weights and purchasers of all lambs and sheep sold on or after August 5, 1945. Payments to sellers are to be made through the offices of the county AAA committees. A subsidy of 95 cents per hundred weight now paid to slaughterers by the Reconstruction Finance Corporation was canceled.

Egg price supports for 1946 studied. The U. S. Department of Agriculture is preparing plans to support egg prices in 1946 should that become necessary as a result of continued high production and a substantial decrease in the demand for eggs from the armed forces. The department does not expect the current heavy demand for chickens to have any appreciable effect on 1946 egg production. It seems that the army procurement of shell, dried and frozen eggs is apparently nearing an end. The army has taken more than nine million cases of shell eggs and better than 56 million pounds of dried eggs. Last year the army took 8 3/4 million cases of shell eggs and 48 million pounds of dried eggs.

Lard set-aside reduced. Last week we reported reduction in set-aside of pork, beef, Cheddar cheese, dried milk and lamb. Since that time the government has reduced the set-aside on lard. The new requirement is 4 percent of the live weight on hogs instead of the former 5 1/2 percent. This reduction in set-aside is expected to provide for the consumption by civilians of the quantity formerly allocated for the July to September quarter, namely, 60 million pounds of federally inspected lard. This is 10 million pounds more than would have been available under the old set-aside requirement.

More peas for canning this year. A record crop of green peas for processing was reported by the U. S. Department of Agriculture. The crop this year is estimated to be 9 percent over the previous high mark and about 22 percent over last year. This year's output is approximately 463,000 tons compared with 380,000 last year, 424,000 in 1942 and a 10-year average of 287,000 tons.

Cotton exports to Europe rise. The war seriously curtailed the export outlet for cotton. In fact, shipments from Pearl Harbor Day, December 7, 1941, to April 30, 1945, averaged 105,000 bales per month, one-fourth of the prewar average of 419,000 bales. Since the liberation of Europe, cotton exports have increased to an average of 125,000 bales monthly. It is to be hoped that it will be possible for us to reduce our heavy carry-over of cotton. Our inability to obtain cotton cloth has been caused by labor shortages and other limitations on the capacity of the cotton manufacturers rather than because of inadequate supplies of the raw material.

Farm real estate prices continue to rise. Farm real estate values continued to rise during the four months ended July 1, 1945. The increase for the country as a whole was about 3 percent, bringing the values up to 130 percent of the 1912-14 average, 11 percent above the July 1944 level and 57 percent above the 1935-39 average. Values are still about one-fourth below the 1920 inflation peak. The increase during the past four months is the same as reported for corresponding periods in each of the past two years. Since March 1941, values have risen 53 percent, or an average of one percent a month. Per-acre farm real estate values in Illinois on July 1 were 64 percent above the average 1935-39 values. In Indiana they were up 85 percent, in Iowa up 51 percent, in Missouri up 54 percent and in Wisconsin up 30 percent from the 1935-39 average.

The Bureau of Agricultural Economics reports that the proportion of farm sales entirely for cash increased further during the past year despite relatively easy credit conditions. In sales financed by mortgages, the average down payment during the first quarter of 1945 was 44 percent of the purchase price compared with 42 percent for the first quarter of 1944, 40 percent for the year 1944, 39 percent for 1943 and 33 percent for 1942. Despite the amount of cash used in buying farms during the past year, very heavy mortgages were placed on a significant number of farms as a result of sale. Between one-fourth and one-third of all credit-financed sales last year were encumbered to the extent of 75 percent of the sales price, and almost three-fourths had a debt of 50 percent or more. On many of these farms the amount of debt is larger than the full market value of the property a few years ago. The Bureau pointed out that current mortgages at 65 percent or more of present average values would equal or exceed average values prevailing in 1941.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared August 9) 1945

Not all of the repercussions from the use of the atomic bomb and Russia's stand were felt in Japan. Prices on the commodity and security exchanges dropped in anticipation of an earlier ending of the war. Most commentators say that the country is not prepared for a shift from military to civilian industrial production in the immediate future and that unemployment would rise temporarily to several million in case of immediate cessation of hostilities. A collapse in industrial employment would affect prices of farm products in spite of possible heavy exports for relief purposes. Most people do not realize how much farm output has increased during the war period and the extent to which prices have been supported by payrolls in war industries and military requirements. I am of the opinion that prices of farm products have reached their peak and that the next trend will be downward.

Secretary Anderson stated July 30 that he had no intention of recommending an increase in corn price ceilings. He indicated that "farmers are receiving a full parity price," that "there is an urgent need for corn now in deficit areas and farmers will be doing a real patriotic service by marketing as rapidly as possible the corn they do not need for their own operations."

The government has announced a loan program on oats to producers of the 1945 crop. The loan will average 48 cents per bushel nationally. All loans will be administered by county committees of the AAA. They will be made until December 31, 1945, and will mature on April 30, 1946, or earlier on demand.

A private crop reporter predicts a corn crop of 2.8 billion bushels on the basis of conditions existing the first of this month. This would be up 130 million bushels from the government's July report. His oats estimate is also 125 million bushels larger than the official estimate last month. In fact, it looks as if we would have plenty of feed grain during the coming year, especially if any substantial quantity of wheat is used for feed.

As of July 15, Illinois farm prices were higher than the 1935-1939 average by the following percentages:

Potatoes	up 180%	Hay	up 81%	Wool	up 72%
Apples	up 160	Wheat	up 79	Milk	up 70
Soybeans	up 133	Butterfat	up 78	Barley	up 70
Milk cows	up 116	Eggs	up 75	Veal calves	up 67
Oats	up 106	Beef cattle	up 74	Hogs	up 66
Sheep	up 98	Lambs	up 72	Corn	up 64
Chickens	up 90				

Beginning August 13, when an Illinois farmer or poultryman, in carrying on normal culling operations, has hens to sell, he must sell them only to authorized suppliers providing army poultry under the government program. The order prohibits shipment or delivery of live poultry to a point more than 100 miles from the farm on which it was produced, except with special permission.

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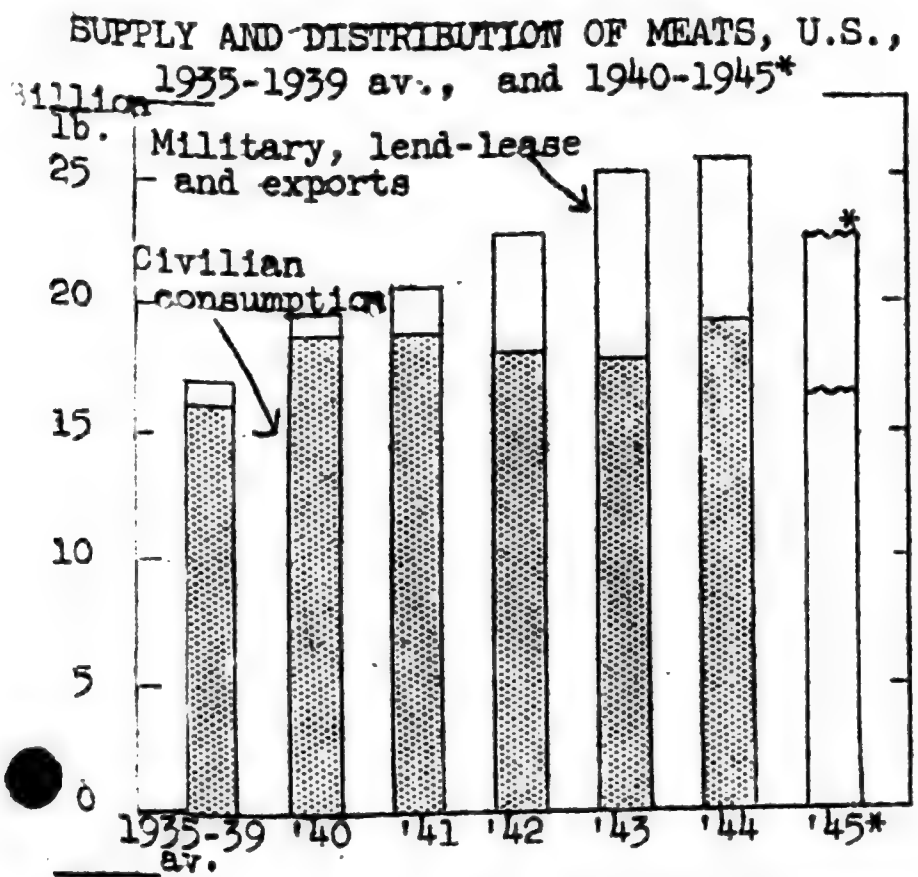
Cooperative Extension Work in Agriculture and Home Economics; University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914

DISTRIBUTION OF U. S. MEAT SUPPLIES

By L. F. Stice, Extension Marketing Specialist

Civilian meat supplies may be slightly more plentiful in the last half of 1945 than during the first half of 1945, but they will still be 10 to 15 percent less than a year ago and about 25 percent less than the demand at ceiling prices. It is expected also that this situation will continue in the first half of 1946.

The basic reason for our present tight meat situation is that the peak in requirements was reached in a year of declining meat production (see chart). Military requirements in 1945 are expected to be the largest for the war period, amounting to between one-fourth and one-fifth of our total supply. Exports, including lend-lease and military relief, are expected to be lower than in 1944. The total amount of meats available for civilians in 1945--probably 70 to 75 percent of the total supply--is about equal to average civilian consumption during the period 1935-39. The per capital consumption of meats by civilians, however, was much higher from 1940 through 1944 than in the previous five-year period, ranging from 138 pounds in 1942 to 150 pounds in 1944. Thus until 1945 higher incomes and increasing meat production permitted civilians to have plenty of meat after military and allied needs were fulfilled.



*U. S. Department of Agriculture forecast.

The sharing of our total meat supply in those years was painless, but now with reduced supplies sacrifices are being made. Lend-lease shipments of meats to our allies, principally Russia, have been curtailed in an effort to give civilians a larger supply.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared August 9)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday August 8, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$1.67 3/4	$1.68 1/2	$1.65	$1.65 3/8
Corn (No. 2 yellow)	1.18 1/2*	1.18 1/2**	1.17	1.18 1/2*
Oats (No. 2 white)	.66 1/4-.67	.69 3/4-.70	.62 7/8	.64 7/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.361*	.356*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, August 4	12.2	12.2		

*Ceiling prices.
**Nominal. No cash sales.

Not all of the repercussions from the use of the atomic bomb and Russia's stand were felt in Japan. Prices on the commodity and security exchanges dropped in anticipation of an earlier ending of the war. Most commentators seem to think that the country is not prepared for a shift from military to civilian industrial production in the immediate future and that unemployment would rise temporarily to several million in case of immediate cessation of hostilities. A collapse in industrial employment and payrolls would affect prices of farm products in spite of possible heavy exports for relief purposes. The domestic demand for all sorts of livestock products is especially strong, but corn futures are selling below ceiling and the egg market is unsettled. Most people do not realize how much farm output has increased during the war period and the extent to which prices have been supported by payrolls in war industries and military requirements. I am of the opinion that prices of farm products have reached their peak and that the next trend will be downward.

Livestock marketings. The numbers of salable hogs, cattle, calves and sheep received at 12 public markets during July were considerably lower than a year earlier. Salable hog receipts were down 58 percent, calf receipts were down 19 percent, cattle receipts down 4 percent and receipts of salable sheep and lambs were down 19 percent. The 58 percent drop in numbers of salable hogs does not reflect the actual situation, as packers have attempted to buy a larger number direct from the country. Then, too, hog weights reached the heaviest on record last week. For the week ending August 4, the average weight of barrows and gilts received at Chicago was 284 pounds. At St. Paul the average was 329 pounds. For the month of July, the average weight at Chicago this year was 278 pounds compared to 241 pounds a year ago. At St. Paul the July average this year was 306 pounds compared to 229 pounds a year ago. The number of stocker and feeder cattle and calves received in the corn-belt states in June was 7 percent above receipts in June 1944. On the other hand, receipts of stocker and feeder sheep and lambs were down 42 percent.

No increase in corn price ceilings. Secretary Anderson stated July 30 that he had no intention of recommending an increase in corn price ceilings. He indicated that "farmers are receiving a full parity price," that "there is an urgent need for corn now in deficit areas and farmers will be doing a real patriotic service by marketing as rapidly as possible the corn they do not need for their own operations.

"Inasmuch as the Office of Price Administration has already announced that there will be no advance in ceiling prices of corn, I hope that no producers who have corn they could sell will hold back supplies in anticipation of a price rise."

1945 oats loan program. The government has announced a loan program on oats to producers of the 1945 crop. The loan will average 48 cents a bushel nationally, and is intended to facilitate orderly marketing at a time when the oats crop is estimated to be the largest in 25 years and the wheat crop at an all-time high. The country's transportation system is already overburdened, and it is believed that the loan program will make it possible for producers to place their oats in local or farm storage, thus holding it back from the terminals, relieving the burdens on railroads and tending to spread marketing over a longer period. Loans will be made only on oats grading No. 3 or better. The rates will range by counties from 40 to 60 cents a bushel. All loans will be administered by county committees of the AAA. They will be made until December 31, 1945, and will mature on April 30, 1946, or earlier on demand.

Corn crop report. Although the condition of the corn crop is spotty, depending upon the date of planting and weather conditions, in many sections of Illinois and the corn belt corn has made excellent progress. A private crop reporter predicts a corn crop of 2.8 billion bushels on the basis of conditions existing the first of this month. This would be up 130 million bushels from the government's July report. His oats estimate is also 125 million bushels larger than the official estimate last month. In fact, it looks as if we would have plenty of feed grain during the coming year, especially if any substantial quantity of wheat is used for feed.

Illinois farm prices. As of July 15, Illinois farm prices were higher than the 1935-1939 average by the following percentages:

Potatoes	up 180%	Hay	up 81%	Wool	up 72%
Apples	up 160	Wheat	up 79	Milk	up 70
Soybeans	up 133	Butterfat	up 78	Barley	up 70
Milk cows	up 116	Eggs	up 75	Veal calves	up 67
Oats	up 106	Beef cattle	up 74	Hogs	up 66
Sheep	up 98	Lambs	up 72	Corn	up 64
Chickens	up 90				

The 1945 lamb crop. The official government estimate places the 1945 lamb crop at 28 1/4 million head, or about one million head or 3 1/2 percent smaller than the 1944 crop. It was about 8 percent below the 10-year, 1934-43, average, and with the exception of 1935--following the 1944 drouth--it was the smallest since 1929. The percentage of lambs saved was higher than a year ago, but the number of breeding ewes was down 6 percent.

The government wants your surplus hens. The government has issued a new order applicable in 12 major poultry-producing states, including Illinois, which provides that beginning August 13 all poultry handled in "authorized" plants will be

shared equally by the armed forces and civilians. This is a geographical extension of the poultry set-aside order that now applies to designated areas in eight major broiler-producing states. Secretary Anderson says it must be clearly understood that farmers and poultrymen are not being urged to sell their laying hens. The nation's egg supply next year must not be jeopardized, but when the farmer or poultryman, in carrying on normal culling operations, has hens to sell, he must sell them only to authorized suppliers providing army poultry under this program. The order prohibits shipment or delivery of live poultry to a point more than 100 miles from the farm on which it was produced, except with special permission.

The demand situation. In its regular monthly report the Bureau of Agricultural Economics anticipated no significant decline in the general level of demand for farm products before 1946, and prices of most farm products were expected to remain near current levels for the remainder of this year. This estimate was based on the prevailing situation where it is obvious that substantially larger quantities of many farm products would be purchased at present prices if they were available. The Bureau reported that declines in consumer incomes as a result of cut-backs in war production following the end of the war in Europe are not likely to be large enough to cause any appreciable decline in prices or quantity purchased. However, they did not attempt to forecast what would happen if the Pacific War were to end in the very near future. They point out that construction activity continues to be maintained at a level above last year and is likely to increase during the remainder of 1945, although it will be hampered by a shortage of lumber and other supplies until after the end of the war with Japan.

Looking to the postwar period, national legislation has been proposed which includes a complete housing program and embraces recommendations of a report from a Postwar Housing Subcommittee headed by Senator Taft. Congress would be asked to set a goal of 1,250,000 new American homes in each of the next 10 years by helping cities clear slums, aiding farmers to build houses and extending existing federal housing programs. The goal of 1,250,000 homes would be between four and five times the prewar construction rate and, according to Senator Taft, would mean expenditures of five to six billion dollars annually and provide directly or indirectly three to four million jobs.

800 million chickens raised on farms in 1945. According to a preliminary government estimate, 808 million young chickens were raised on U. S. farms in 1945--8 percent more than in 1944 but 13 percent less than the record production in 1943. The largest increases over last year were in the north central and western states. The preliminary figures for Illinois are 40,891,000 in 1945, up 5 percent from 1944 and up 9 percent from the 10-year average, 1934-43.

Butter set-aside reduced. The set-aside of creamery butter for government purchase for the month of August originally scheduled at 30 percent has been reduced to 20 percent. July production ran somewhat higher than expected, and the outlook for August production is also favorable. Army requirements are also less than originally anticipated, partly because the army has arranged to purchase some butter in Denmark for use in feeding U. S. troops in Europe. This will leave about 100 million pounds of creamery butter available for civilians during August. The Office of Price Administration announced that no further reduction in the point value of butter is anticipated in view of the recent point reduction from 24 to 16 points per pound.

The food situation. No significant relief from shortages of civilian food supplies is in prospect for the next 12 months, according to the United States

Department of Agriculture. Such foods as meats, fats and oils, sugar, cheese, condensed and evaporated milk, poultry, eggs and canned fruits and canned vegetables will continue short in relation to current high demands. In addition, the government suggests that rice, dry beans, apples and processed foods using large amounts of sugar and fats and oils may become short. On the other hand, civilian supplies of fluid milk, skimmilk, canned fruit juices, many fresh vegetables and fruits (including citrus fruits) fresh fish and most grain products will be fairly plentiful and will help keep the general level of nutrition above the prewar level. The over-all food supply is about one-third greater than the 1935-39 average, but the civilian, military and export demand is about one-half greater than the prewar demand. Distribution will remain a very difficult problem.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared August 23) 1945

The first week of "peace" was characterized by removal of a large fraction of the wartime controls of production. Industries are encouraged to produce a maximum quantity of consumer goods. Steel, copper and aluminum were made freely available, and construction and lumber controls are expected to be ended by September 30. There is a great demand for all sorts of consumer goods. Except for foods, unusual demands prevail as a result of inability to buy the goods during the past few years. That fact gives businessmen assurance that they will have an outlet for their products and promotes a feeling of optimism. Other developments include demands for higher hourly wage rates by union labor, the ending of the no-strike pledge, the permission by the government to increase wages so long as such increases do not cause an increase in prices and the stoppage of lend-lease.

As far as agricultural products are concerned, the week was characterized by steady prices for grains offered on the cash markets, weakness in grain futures' prices, steady prices for livestock except for a slight weakness in the plainer kinds of cattle, and improved crop prospects. Prices of egg futures declined considerably.

There is considerable difference of opinion with regard to the attitude civilians will take during the next few months. Their attitudes will largely determine whether we have a recession of several months' duration and the extent of the recovery from such a recession. One group thinks that in spite of lower incomes based on a shorter work week civilians will have more leisure, will save less and will spend a larger fraction of their incomes. This group would expect a brisk trade based on free spending. Important segments of the federal government would seem to favor policies that would lead to free spending accompanied by what might be termed controlled inflation. The other group expects people to be cautious and unwilling to spend their accumulated savings. What will happen probably will be determined by the extent and promptness with which civilian industry absorbs the millions of men being discharged from war industries and the armed services.

The Committee for Economic Development has issued a report which gives businessmen's estimates of postwar markets for manufactured goods. These estimates are optimistic. The committee points out that the postwar years can roughly be divided into three periods: First, a short period of reconversion which may last through 1946. During the second period, probably beginning in 1946 or early 1947, producers will be filling the demands deferred by the war. This period will last for a year or two, after which the third period will consist of a shift to a self-sustaining or a normal basis.

Although Secretary Anderson indicated that meat rationing was on the way out, possibly next month, storage stocks are relatively low; and it is expected that the strong demand for meats will be maintained long enough to absorb the rather heavy movement of cattle and hogs that is anticipated during the fall and early winter months. Range conditions have been excellent, and cattle men report that the ranchers are in a mood to carry larger than normal supplies of range cattle over winter rather than to sell them at substantial discounts from present prices.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director, Acts approved by Congress May 8 and June 30, 1914.

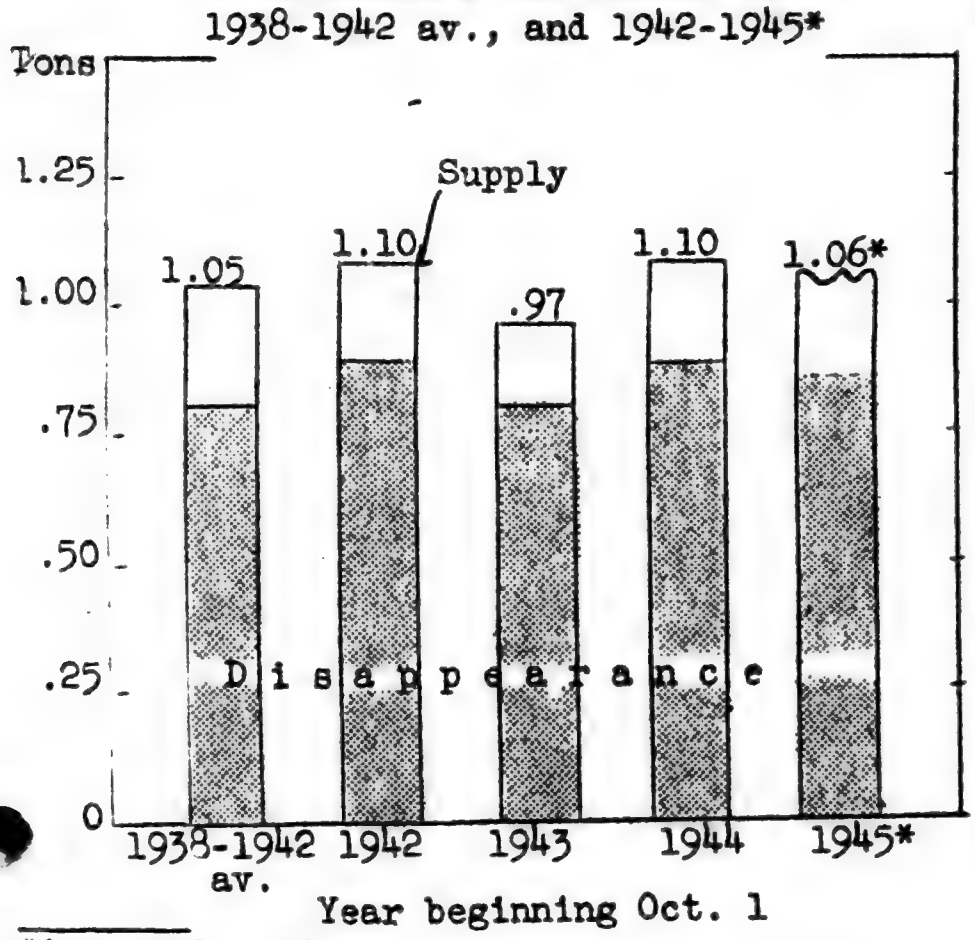
IMPROVEMENT IN FEED SITUATION

By L. F. Stice, Extension Marketing Specialist

There has been a decided improvement in the livestock feed outlook for the U. S. as a whole in recent weeks due to favorable growing weather for corn and the harvesting of a bumper oats crop. The U.S.D.A. July 1 estimate of 1945 corn production was 2,685 million bushels, about one-sixth below the record crop of 3,228 million bushels harvested in 1944. The August 1 estimate of the corn crop is 2,844 million bushels, and it is stated that this does not reflect the continued favorable growing conditions since August 1.

The fear has been that lateness of the corn crop and prospective lower production coupled with the anticipated increase in 1945 fall pigs would result in a very tight feed situation in the spring and summer of 1946. This fear has not been entirely removed by the August 1 crop estimate, but the outlook is much better. According to the present estimate, the supply of all feed grains (corn, oats, barley and grain sorghums) for the coming feeding season will be 4 percent below last year's supply. Because of the dire need for human food in Europe, it is not expected that as much wheat will be available for livestock feed as in the past three seasons.

FEED CONCENTRATES, SUPPLY AND DISAPPEARANCE PER ANIMAL UNIT 1938-1942 av., and 1942-1945*



*August 1 estimate.

Feed requirements in the 12 months from October 1, 1945, to September 30, 1946, are expected to be about the same as in the current feeding season, although they will be influenced by the feeding margins which prevail during this period. The present picture is that the supply of all feed concentrates per grain-consuming animal unit will be 4 percent less than at the beginning (October 1, 1945) of the current feeding season (see chart

If present estimates are realized, there should not be a forced liquidation of livestock similar to that which occurred in 1944. With conservative usage, feed concentrates may be generally adequate but not abundant. In some areas the supply will be very short. If there is a large quantity of soft corn, heavy feeding may take place in the winter and early spring months which would result in a critical shortage in the late spring and summer months.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared August 23)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures	
	Wednesday August 22, 1945	Week ago	(close) Wednesday	Week ago
Wheat (No. 2 red)	$1.65 1/2	$1.66 1/2	$1.63	$1.63 3/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2*	1.14 5/8	1.14 3/4
Oats (No. 2 white)	.61 1/4-.61 1/2	.61 1/4	.58 7/8	.59 3/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.371*	.371*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, August 18	12.2	12.2		

*Ceiling prices.
**Nominal. No cash sales.

The first week following the cessation of hostilities was characterized by government activity designed to bring about rapid reconversion. A large fraction of the wartime controls of production were removed. Industries are encouraged to produce a maximum quantity of consumer goods. The metals steel, copper and aluminum, were made freely available; and construction and lumber controls are expected to be ended by September 30. War plants are shutting down at a rapid rate. Several hundred thousand men have been thrown out of work, but there is no panic. Everyone knew this would happen some time, although it was not anticipated so soon. There is a great demand for all sorts of consumer goods. Except for foods, the demand is exceptionally strong as a result of inability to buy the goods during the past few years. That fact gives businessmen assurance that they will have an outlet for their products and promotes a feeling of optimism. In some areas a large fraction of the people already released from war plants found employment as filling station operators and in a number of other peacetime activities. Other characteristics of this immediate "postwar" period are the demands for higher hourly wage rates by union labor, the ending of the no-strike pledge, the permission by the government to increase wages so long as such increases do not cause an increase in prices, and the stoppage of lend-lease.

As far as agricultural products are concerned, the week was characterized by steady prices for grains offered on the cash markets, weakness in grain futures' prices, steady prices for livestock except for a slight weakness in the plainer kinds of cattle, and improved crop prospects. The prices of grain futures were steadied by government buying of cash wheat and a good feeding demand for oats. Some flour was sold to Mexico. Prices of egg futures were weak.

The government took steps to release several food controls. Set-aside orders were suspended for beef, veal and ham. Purchases of these products by the government will now be made in the open market as needed. Secretary Anderson also suspended sales

quotas of fluid milk, light cream (under 19 percent butterfat), buttermilk and chocolate dairy drinks. This should make more of these products available to civilians in some areas where these restrictions were effective. Supplies of whipping cream are not made available by this suspension. Secretary Anderson explained that this step was made possible by the high level of milk production during recent months and the recent favorable trends in the supplies of all manufactured dairy products, including cheese, butter and evaporated milk.

Will civilians spend freely? There is considerable difference of opinion with regard to the attitude civilians will take during the next few months. Their attitudes will largely determine whether we have a recession of several months' duration and the extent of the recovery from such a recession. One group thinks that in spite of lower incomes based on a shorter work week civilians will have more leisure, will save less and will spend a larger fraction of their income. This group would expect a brisk trade based upon free spending. Important segments of the federal government would seem to favor policies that would lead to free spending accompanied by what might be termed controlled inflation. The other group expects people to be cautious and unwilling to spend their accumulated savings. What will happen probably will be determined by the extent and promptness with which civilian industry absorbs the millions of men being discharged from war industries and the armed services.

The Committee for Economic Development has issued a report which gives businessmen's estimates of postwar markets for manufactured goods. These estimates are optimistic. The committee points out that the postwar years can roughly be divided into three periods: First, a short period of reconversion which may last through 1946. During the second period, probably beginning in 1946 or early 1947, producers will be filling the demands deferred by the war. This period will last for a year or two, after which the third period will consist of a shift to a self-sustaining or a normal basis.

Cattle on feed, August 1. The number of cattle on feed for market in the eleven corn belt states on August 1 was 16 percent larger than the relatively small number on feed August 1, 1944. However, it was probably smaller than the August 1 number in any other year since 1937. Shipments of stocker and feeder cattle into the corn belt during the first seven months of 1945 were materially larger than in the corresponding period of 1944.

The wheat situation. Heavy feeding during the first half of the year reduced the carry-over of old wheat on July 1 to about 281 million bushels. The new crop is now estimated at 1,129 million bushels. Imports are likely to be small, perhaps not more than 15 million bushels. It was estimated that disappearance of wheat for civilian and military food would be 560 million bushels and for seed, 81 million bushels. Exports of wheat are expected to continue heavy during 1945-46. We are in a position to export large quantities, and wheat is one of the most urgently needed foods in the liberated areas.

The Canadian carry-over of wheat on July 31 stood at 258 million bushels compared with 357 million bushels on July 31, 1944. Canadian exports were exceptionally large during the crop year; stocks, on the other hand, were reduced to the lowest level since 1939. Reductions also occurred in the Canadian carry-over of oats, barley, rye, and flaxseed.

Wool production. The 1945 Illinois wool crop is estimated at 4.7 million pounds, the smallest since 1929, according to the state and federal departments of

agriculture. This small crop was caused by a rather heavy decline in the number of sheep shorn. The quantity of wool shorn in the United States was about 5 percent smaller than the 1944 crop and 18 percent below the record production of 1942. It is the smallest production since 1928.

Other production figures. The peach harvest is coming to a close in Illinois on a crop estimated as of August 1 at 1,806 thousand bushels. This is about 50 percent above the recent 10-year average. Our commercial apple crop in Illinois is down more than 20 percent from a long-time average and somewhat below last year's short crop.

Production of timothy seed in the United States this year is estimated at 1,593,000 bushels, 19 percent larger than in 1944 but 5 percent below the recent 10-year average. Current supplies, including production and carry-over of timothy seed, are about 2 percent smaller than a year earlier. We have larger stocks this year than last of lespedeza, Sudan grass, Ladino clover, sweet clover and several other field seeds. Seed stocks are smaller of Kentucky blue grass, alsike clover, white clover, timothy, brome grass, red top, red clover and alfalfa.

Domestic supplies of barley for 1945-46 are about 2 percent below the previous season. This decline is a result of the smallest crop since 1937, about 10 percent less than the 1944 crop. This is partly offset by a heavier carryover of stocks from the previous year.

Mid-season potato production is especially heavy, and efforts are being made to stimulate consumption of potatoes at the present time. Tomato production in Illinois is relatively poor. Most vegetables continued to be about two weeks late in this state.

Meat supplies at low level. Although Secretary Anderson indicated that meat rationing was on the way out, possibly next month, storage stocks are relatively low, and it is expected that the strongdemand for meats will be maintained long enough to absorb the rather heavy movement of cattle and hogs that is anticipated during the fall and early winter months. Cold storage holdings of pork on August 1 were just a little more than one-half as large as on August 1, 1944, and about 60 percent as large as the August 1 five-year average (1940-44). Holdings of lard and rendered pork fat are less than one-fourth as large as last year and about 30 percent as large as the five-year average. Total holdings of beef are considerably higher than last year and about three times as large as the five-year average. We shall have to continue to depend on beef as our chief source of meat until the peak of the hog marketing season in December or January. The 1944 fall pig crop is expected to be about 13 percent larger than in 1944 and should help relieve the meat situation by May of next year.

Range conditions have been excellent, and cattle men report that the ranchers are in a mood to carry larger than normal supplies of range cattle over winter rather than to sell them at substantial discounts from present prices. On the other hand, corn belt cattle feeders are expecting to be able to buy feeder cattle considerably cheaper during the next few months. The improvement of the corn crop will tend to encourage cattle feeding and a continuation of the present practice of feeding hogs to heavy weights.

GLJ:ml
8-23-45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared August 30) 1945

Corn and oats are in active demand at steady to firm prices. Corn receipts are far below the needs of the trade, and ceiling prices are offered. The movement of corn to market has been so light that the northeastern feed men have appealed to the Commodity Credit Corporation to channel some of its government-owned corn into that area for feed purposes. Farmers appear to be reluctant to sell their corn until they are sure that the quantity and quality of the new crop will be adequate to take care of their own needs.

Hogs bring ceiling prices; cattle prices are steady; but lambs are weak. In spite of the fact that receipts of cattle at Kansas City Monday totaled about 30,000 head, which was the largest volume of the year, prices at Chicago were generally steady. Fed steers were in very liberal supply at Chicago for this season of the year, but the demand was excellent for choice grades. Although receipts of slaughter spring lambs were light following last week's break of one dollar in prices, lamb prices continued to sag further. The only unusual development in the hog situation was a report that there was a growing flow of small pigs to southern sale outlets for immediate slaughter under the guise of feeder sales. The chicken set-aside orders have been terminated.

A record high of 261 million pounds was established for cold storage holdings of beef on August 1, which exceeded the previous August high at the end of World War I by 52 million pounds. In contrast pork stocks reached an August record low at 343 million pounds, 27 million below the holdings in 1935. Holdings of all types of meats were 36 million pounds below average. Stocks of dairy products, which were very low during the first half of 1945, accumulated rapidly in recent months. Stocks of butter at 185 million pounds were 25 million pounds above average. The into-storage movement of 54 million pounds of butter during July was near the record.

World sugar production in 1946 probably will be somewhat larger than in 1945 but will be insufficient to meet unrationed demands at current prices for sugar. Our situation in the United States has been affected by the fact that sugar production in 1945 is the smallest since the start of the war and the needs for sugar in recently liberated areas of Europe have been large.

Just prior to the surrender of Japan, UNRRA revealed its heretofore unpublished plans calling for the shipment of some 800,000 tons of supplies to China. These supplies are part of a larger program which UNRRA has been preparing for months against the day when the defeat of Japan would once again open ports and permit supplies to be sent into China and the Far East.

For the United States average farm real estate taxes per acre were about three percent higher in 1944 than in 1943. This is the first increase since the outbreak of the war. In 1944 they stood at 184 percent of the 1909-13 average. For Illinois taxes per acre in 1944 were $1.01 compared to $1.16 in 1930 and $.35 in 1910. Taxes per one hundred dollars of value in Illinois were $.83 in 1944, $1.21 in 1930 and $.31 in 1910. The trends were as follows in taxes per acre for the United States: rising appreciably from 1910 to 1918; a very rapid rise to 1920; a slight rise to 1930; a rapid decline to 1934; and little change to 1943.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

PROSPECTS FOR CATTLE FEEDING IN 1945-46

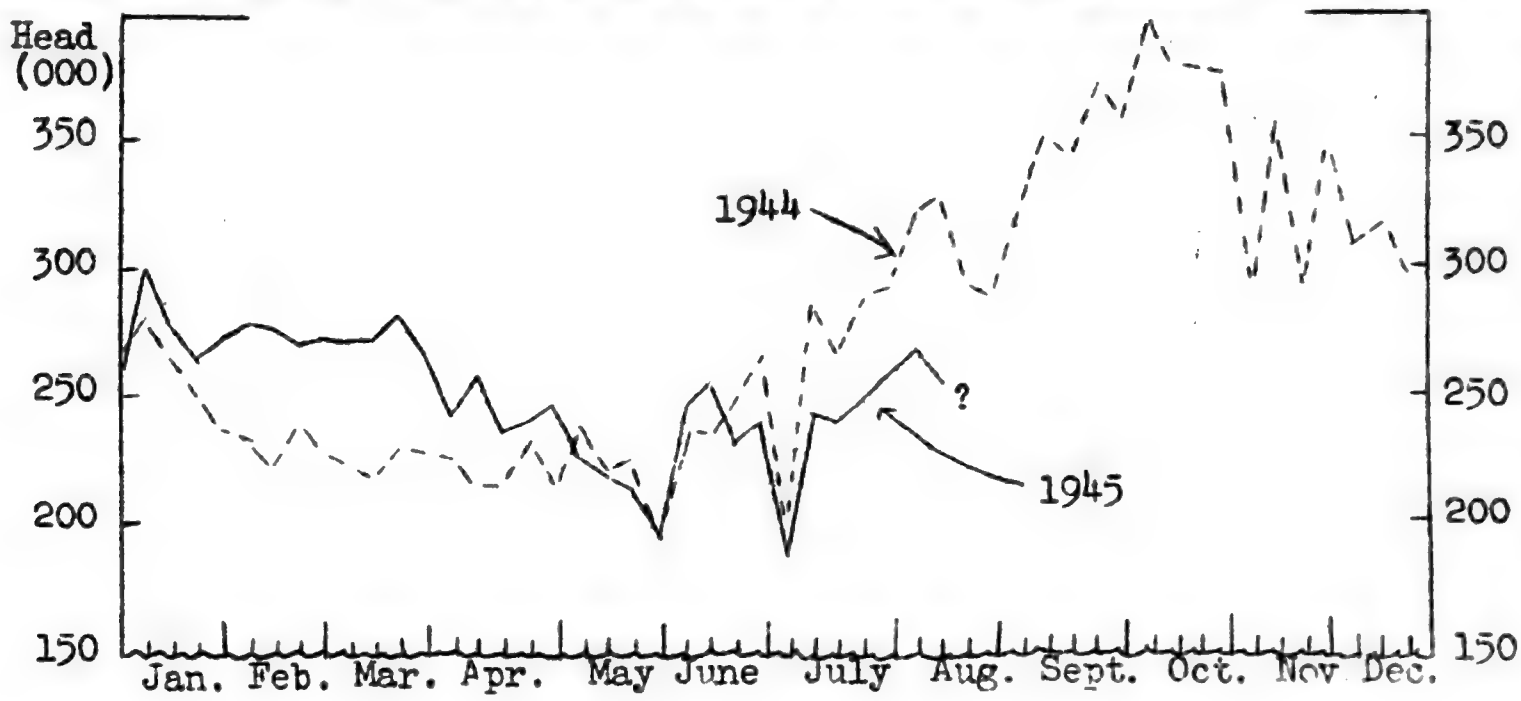
By L. F. Stice, Extension Marketing Specialist

Because of present high prices of feeder cattle and uncertainties as to feed supplies, future demand and government policies with respect to subsidies and price ceilings, Illinois cattle feeders have a difficult problem in deciding on the kind and number of cattle, if any, to put into feedlots this fall.

Civilian supplies of meats will be more plentiful in 1946 than the extremely short supplies of 1945, but the demand will continue strong, even though consumer incomes will decline from wartime levels. As meat supplies increase and consumer incomes decline, the grading of slaughter cattle will become more strict and cattle prices will react in a more normal manner to seasonal changes in marketings. The result may be somewhat lower prices for finished cattle in the late spring and early summer of 1946 than those which have prevailed in 1945, but no drastic decline is expected. The ending of slaughter subsidies without increases or elimination of price ceilings on beef will result in lower returns to farmers.

Prices of feeder cattle have declined since midsummer, but whether they decline sufficiently to permit the purchase of cattle for feeding with much prospect for profit remains to be seen. Marketings have been lighter in July and August than in 1944 and may be bunched in September and October (see chart). However, a smaller supply of yearlings, the probability of soft corn, good feed conditions in the west and slaughter competition for cattle in killing flesh are all bullish factors in the feeder cattle market. Cattle feeders should watch the cattle market very closely during the next few weeks in order to take advantage of any sharp price dips that might occur.

WEEKLY RECEIPTS OF SALABLE CATTLE AND CALVES AT 12 MARKETS, 1944 AND 1945



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared August 30)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday August 29, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$1.66 3/8**	$1.65 1/2	$1.63 3/4	$1.63
Corn (No. 2 yellow)	1.18 1/2*	1.18 1/2**	1.15 3/4	1.14 5/8
Oats (No. 2 white)	.62	.61 1/4-.61 1/2	.58 7/8	.58 7/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.35-.37	.371*		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, August 25	12.2	12.2		

*Ceiling prices.
**Nominal. No cash sales.

Corn and oats are in active demand at steady to firm prices. Corn receipts are far below the needs of the trade, and ceiling prices are offered. The movement of corn to market has been so light that the northeastern feed men have appealed to the Commodity Credit Corporation to channel some of its government-owned corn into that area for feed purposes. The supply condition is tight all along the east coast. Farmers appear to be reluctant to sell their corn until they are sure that the quantity and quality of the new crop will be adequate to take care of their own needs.

Hogs bring ceiling prices; cattle prices are steady; but lambs are weak. In spite of the fact that receipts of cattle at Kansas City Monday totaled about 30,000 head, which was the largest volume of the year, prices at Chicago were generally steady. Fed steers were in very liberal supply at Chicago for this season of the year, but the demand was excellent for choice grades. Although receipts of slaughter spring lambs were light following last week's break of one dollar in prices, the price continued to sag further. The only unusual development in the hog situation was a report that there was a growing flow of small pigs to southern sale outlets for immediate slaughter under the guise of feeder sales. Packers report that the volume is growing to a point where it threatens to become a menace to the yield anticipated for the fall pig crop and the production of lard. The government stated that the volume of the small pig business was not exhaustive enough to warrant recommendations that maximum price regulations be extended to include young pigs. Prices of egg futures continued the weakness they have shown since V-J day.

Feed outlook by regions. In the north Atlantic states the feed grain supply on the basis of the August 1 crop report will exceed that of a year earlier by about five percent, with the expected carry-over on October 1 slightly larger this year than last. Feed needs may equal those of a year earlier if enough young chickens are left to again increase the number of layers. This is a feed-deficit area. In the eastern

corn belt the feed grain supply is 12 percent over a year earlier. If the indicated rise of 12 percent in the fall pig crop over last year materializes, it will increase the requirements for feed. Demand for poultry and dairy feeds exceeds that of a year ago. In the western corn belt the carry-over should be much larger than last year, but a sharp drop in the corn crop may bring feed grain supplies down seven percent from a year earlier. Requirements probably will be larger than last year as a result of higher hog and chicken output plus the maintenance of egg and milk production. In the south Atlantic states the feed grain supply is about three percent above last year. In the south-central states it is down about seven percent as a result of a drop of seventeen percent in grain sorghum production. In the western states smaller corn, oats, barley and grain sorghum production indicates an eight percent drop in the feed grain supply from a year earlier. Dairy feed requirements will continue strong, but a decrease in laying hens in the western states may reduce feed requirements slightly. The total feed grain supply for the country will be about 1.5 percent less than a year earlier if the corn crop estimate of August 1 proves to be correct. A change of one bushel in the average yields of corn would change the total domestically produced feed grain supply by about two percent.

Distillers to get more grain. The U. S. Department of Agriculture reports that distillers may use 3,000,000 bushels of grain other than corn and grain sorghum for the production of beverage spirits and by-product livestock feed during each of the months September through December. If the corn supply situation improves, some new crop corn may be allowed in addition to or in place of other grains in November and December.

Cold storage holdings show some improvement. August 1 holdings of frozen fruits set a record for August which was some 25 million pounds above that of last year. Frozen vegetable holdings were down about 7 million pounds from last year. A record high of 261 million pounds was established for beef holdings, which exceeded the previous August high at the end of World War I by 52 million pounds. In contrast pork stocks reached an August record low at 343 million pounds, 27 million below the holdings in 1935. Holdings of all types of meats were 36 million pounds below average. Stocks of dairy products, which were very low during the first half of 1945, accumulated rapidly in recent months. Stocks of butter at 185 million pounds were 25 million pounds above average. The into-storage movement of 54 million pounds of butter during July was near the record. August 1 holdings of shell eggs were the lowest on record for the month. Frozen eggs were also below average, but stocks of poultry were above average although under last year's abnormally heavy stocks.

The world sugar situation. World sugar production in 1946 probably will be somewhat larger than in 1945 but will be insufficient to meet unrationed demands at current prices for sugar. The drouth appears to be broken in Cuba, and production should increase there. Beet sugar production in Europe probably will improve gradually during the next few years. Some improvement is also expected in the Philippines. Our situation in the United States has been affected by the fact that sugar production in 1945 is the smallest since the start of the war and the needs for sugar in recently liberated areas of Europe have been large.

Potato production estimate raised. The August 1 estimate of the total 1945 crop of potatoes is 420 million bushels. Only in 1928 and 1943 was the new crop now in prospect exceeded. Last year's output was only about 379 million bushels, and the annual average production for the 10 years 1934-43 was 375 million bushels. The intermediate crop which is now coming to market is expected to total about 33 million bushels, and it is the portion of the crop about which the government is concerned.

Illinois hatchery operations at high level. Mr. A. J. Surratt, agricultural statistician, reports that July commercial hatchery output in Illinois was nearly double that of last year and 5 1/2 times larger than the previous July record hatch in 1943. Output was 11 million chicks. Illinois leads all states with the total of about 120 million chicks hatched during the first seven months of this year. This compares with 93 million hatched last year. The demand for chicks for meat production is keeping some hatcheries booked up for the rest of the year. Operations are restricted in some areas by a limited supply of eggs and a tight supply of poultry feeds. For the United States July output of chicks by commercial hatcheries was also the largest for that month: about three times as large as the output in July of last year and 22 percent above the previous July record hatch in 1943. The demand for chicks for meat production has been greater this year than the demand for chicks for egg production. The number of pullets on farms August 1 not of laying age was only seven percent larger than a year ago. The demand for poultry for meat exceeded the supply.

Food for Asia. According to the U. S. Department of Agriculture, just prior to the surrender of Japan, UNRRA revealed its heretofore unpublished plans calling for the shipment of some 800,000 tons of supplies to China. These supplies are part of a larger program which UNRRA has been preparing for months against the day when the defeat of Japan would once again open ports and permit supplies to be sent into China and the Far East. The first steps in this all-out program call for:

1. The taking over of all available military stocks now in the Pacific theater.

2. The immediate dispatch of UNRRA experts already in China and the Southwest Pacific to Thailand, Burma and other food-exporting countries to obtain foodstuffs for famine-threatened areas.

3. The assignment of at least 300 trained UNRRA relief technicians to the Far East, principally China, as soon as transport is available.

4. The earmarking not only of foodstuffs and medical supplies, but of essential industrial and agricultural rehabilitation supplies as well, to be sent as soon as ships are made available.

Labor supply stabalized. For the first time since February 1944, farm employment on the first of the current month did not show a decrease from the same date a year earlier. The increase in the number of family workers was more than sufficient to offset a decrease in the number of hired workers. With the end of the war in Asia making possible the release of substantial numbers of war workers and members of the armed forces, it is possible that the declining trend in numbers of workers employed on farms may soon be halted. The number employed on farms August 1 was about eight percent below the prewar (1935-39) average.

July farm income up. Total cash receipts in July were estimated to be about 20 percent above June and about 10 percent above July 1944. The total income for the period January through July was slightly above 1944. Cash receipts from farm marketings in August may exceed cash income in August 1944 by as much as 15 percent, and receipts in September may be slightly more than in September last year.

Farm real estate taxes. For the U. S. average farm real estate taxes per acre were about three percent higher in 1944 than in 1943. This is the first increase since the outbreak of the war. In 1944 they stood at 184 percent of the 1909-13 average. Taxes per one hundred dollars of value declined steadily since 1939 as land

values rose. For Illinois taxes per acre in 1944 were $1.01 compared to $1.16 in 1930 and $.35 in 1910. Taxes per one hundred dollars of value in Illinois were $.83 in 1944, $1.21 in 1930, and $.31 in 1910. The trends were as follows in taxes per acre for the United States: rising appreciably from 1910 to 1918; a very rapid rise to 1920; a slight rise to 1930; a rapid decline to 1934; and little change to 1943. The trends in taxes per one hundred dollars of value were as follows: steady to a slight increase from 1910 to 1919; a very sharp rise to 1921; a considerable rise to 1929; a very sharp rise to 1932; a sharp decline to 1935; a slight rise to 1939; and a sharp decline to 1944.

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8/30/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By O. L. Whalin
Associate Professor, Agricultural Extension
(Prepared September 6)

Markets for agricultural products have been affected during the past week by the uncertainties both of the weather and of the transition from war to peace. During the week cattle prices broke sharply by about $1.00 a hundredweight, even though the better cattle recovered rapidly and top lots continued to sell at $18, the ceiling price. The cattle price decline has been attributed both to decreased government takings of meats for the armed forces and to seasonally heavy runs of grain-fed cattle from the corn belt states.

Cattle receipts for the 11 months ending September 1 at the 12 markets were 1,272,216 compared with 1,154,442 a year earlier.

Feeder steers received at four markets, Chicago, Kansas City, Omaha and St. Paul, for August totaled 60,075 against 89,216 a year earlier.

The hog receipts at the 12 markets totaled 545,110 for August against 1,312,194 a year earlier.

Prices received by farmers for dairy products during the fall and winter months probably will be about the same as in the previous year, the Department of Agriculture reported. Retail prices of principal dairy products have been held to 1942 levels, while consumer income has advanced about one-third. Declines in consumer purchasing power or decreases in noncivilian takings in the next several months probably will not materially affect prices of dairy products.

Most private estimates place the corn crop at about 2,900 million, and the September estimate of the Department of Agriculture is being anxiously awaited. Supplies of the four principal feed grains, corn, oats, barley, and sorghum grains, total about 130 million tons, only about two million tons less than the 1944-45 supply. The prospective number of grain-consuming animal units on farms and ranches next January 1 is expected to be about the same as a year earlier.

Civilian demand for farm products probably will continue sufficiently high well into 1946 to maintain the prices of most farm products close to current levels. Shortages of food and clothing, especially in Europe, probably will be more serious during the coming winter than at any other time since the start of the war. Purchases of farm products for relief will tend to increase as military takings decline. The decline in the wage income of industrial workers which has been under way for several months probably will be accelerated. However, total consumers' incomes are not likely to be reduced enough to close completely the existing gap between civilian demand and available supplies of many farm products at current prices.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

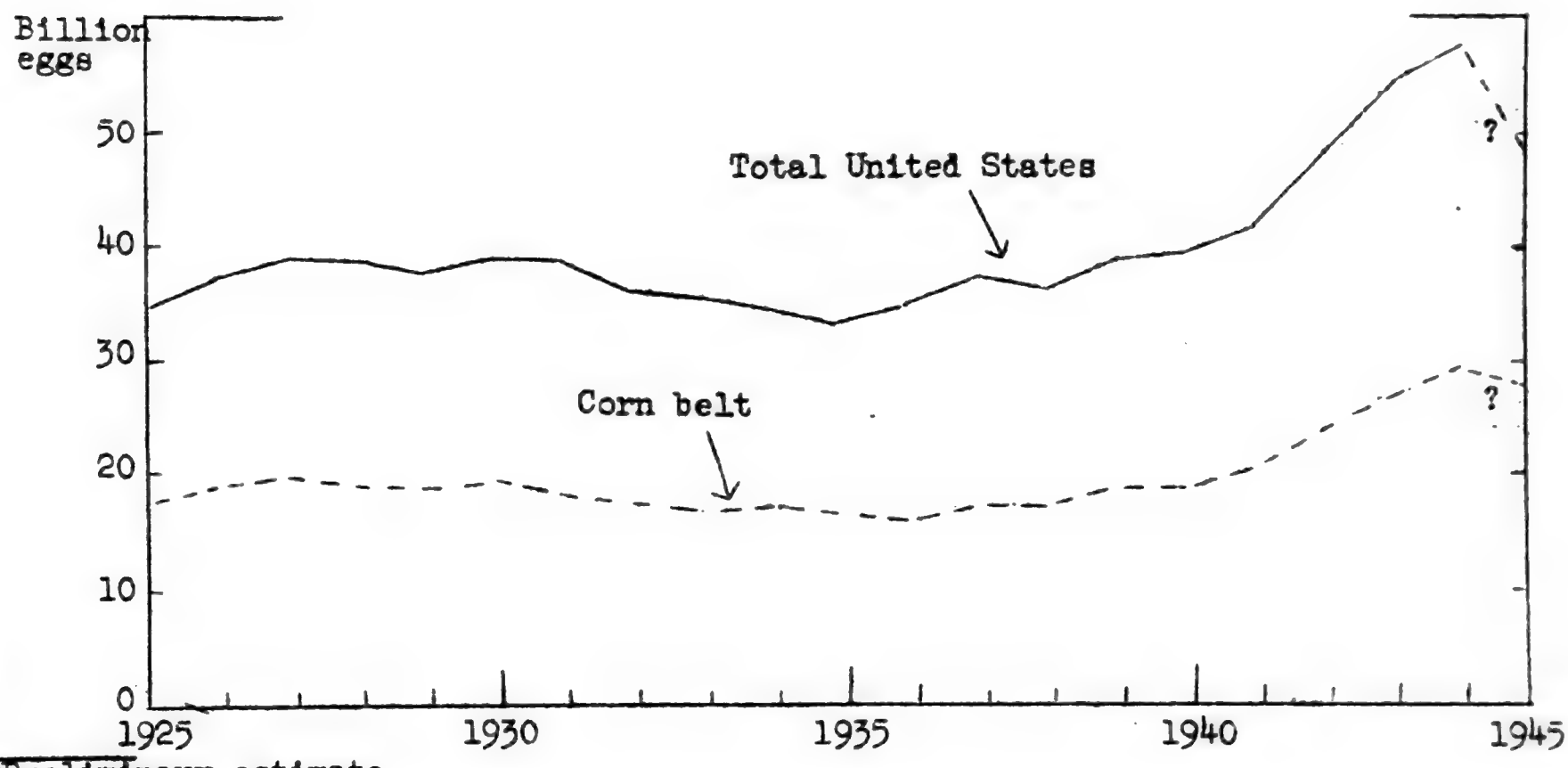
LOWER EGG PRICES EXPECTED IN 1946

By L. F. Stice, Extension Marketing Specialist

Egg prices are expected to remain strong during the rest of 1945 and may even advance in coming weeks because of the usual seasonal decline in production and upward revisions of price ceilings. In the first half of 1946, however, the price is expected to be somewhat lower than for the same period in 1945. The over-all meat shortage and a six percent decline in egg production were major factors supporting egg prices at the 1945 level. In 1946 civilian meat supplies will be more plentiful and egg production may be higher, depending on the number of chickens sold for meat. On July 1, 1945, there were six percent fewer laying hens on farms than on July 1, 1944, but 11 percent more chicks and young chickens.

As civilian, military and export demands for eggs decline, a lower level of production will be necessary (see chart). Egg producers in the corn belt states will be particularly affected because a relatively larger part of their output has been dried and the production has increased relatively more than in some other sections. With a prospect for lower egg prices for 1946 and the present shortage of meats, Illinois farmers should cull their flocks rather closely this fall and get rid of inefficient producers.

PRODUCTION OF EGGS, U. S. AND CORN BELT STATES, 1925-1945*



*Preliminary estimate.

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By O. L. Whalin
Associate Professor, Agricultural Extension

(Prepared September 6)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Wednesday September 5, 1945	Week ago	December futures (close) Wednesday	Week ago
Wheat (No. 2 red)	$ 1.66 1/2	$ 1.66 3/8**	$1.64 1/2	$1.63 3/4
Corn (No. 2 yellow)	1.18 1/2	1.18 1/2*	1.15 3/8	1.15 3/4
Oats (No. 2 white)	.60 3/4	.62	.59 5/8	.58 7/8
Butter (92 score)	.41	.41*		
Eggs (current receipts)	.33-.35	.35-.37		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, September 6		12.2		

*Ceiling prices.
**Nominal. No cash sales.

Markets for agricultural products have been affected during the past week by the uncertainties both of the weather and of the transition from war to peace. During the week cattle prices broke sharply by about $1.00 a hundredweight, even though the better cattle recovered rapidly and top lots continued to sell at $18, the ceiling price. The cattle price decline has been attributed both to decreased government takings of meats for the armed forces and to seasonally heavy runs of grain-fed cattle from the corn-belt states. The liberal movement of grain-fed cattle is presumably partly the result of a tight old-corn situation. It may be, however, that some feeders are marketing early because of the theory that the end of the war may soon contribute to a definite decline in demand.

Livestock receipts. Although recent receipts of all cattle at the 12 markets have increased materially, the total for August was 287,424 against 252,085 a year earlier. Cattle receipts for the 11 months ending September 1 at the 12 markets were 1,272,216 compared with 1,154,442 a year earlier.

Feeder steers received at four markets, Chicago, Kansas City, Omaha, and St. Paul, for August totaled 60,075 against 89,216 a year earlier.

The hog receipts at the 12 markets totaled 545,110 for August against 1,312,194 a year earlier.

Turkey production. The turkey production for 1945 is expected to be 44,150,000 compared with 36,342,000 for 1944.

Prices received by farmers for dairy products during the fall and winter months probably will be about the same as in the previous year, the Department of Agriculture reported. Retail prices of principal dairy products have been held to 1942 levels, while consumer income has advanced about one-third. Declines in consumer purchasing power or decreases in noncivilian takings in the next several months probably will not materially affect prices of dairy products. A wide gap exists between the civilian demand for and supply of manufactured dairy products and fluid cream. A considerable reduction in civilian demand or a substantial increase in civilian supply would be necessary to close this gap.

Feed grain supplies. The grains continue in active demand. Corn receipts in particular are below the needs of the trade. There continued to be much uneasiness about the size of the new crop of corn. Most private estimates place the corn crop at about 2,900 million, and the September estimate of the Department of Agriculture is being anxiously awaited. Nevertheless it is generally recognized that, because of the late season, estimates based on September 1 conditions cannot be expected to be very reliable, as the actual out-turn of the crop will depend on when the first killing frost comes. Killing frost at an early or even at about the average date is likely to result in a large amount of soft corn. On the other hand, if frost over most of the corn belt should be late, there is the possibility of a very large crop of high-quality corn.

Favorable growing conditions during July and August materially improved the outlook for feed grain supplies for the 1945-46 season. Supplies of the four principal feed grains, corn, oats, barley and sorghum grains, total about 130 million tons, only about two million tons less than the 1944-45 supply. The prospective number of grain-consuming animal units on farms and ranches next January 1 is expected to be about the same as a year earlier. The 1945-46 supply of feed grains probably will be adequate to provide for about the same livestock production as in 1944-45. Some reduction in carry-over feed grain may occur, however, by the end of the year.

Wheat purchase program. Farmers putting wheat under Commodity Credit Corporation loan will have the option of selling it next spring to the Production and Marketing Administration at 15 cents a bushel above the applicable loan value less charges. All unredeemed farm storage loan wheat on April 1, 1946, which is delivered to PMA by the producer in accordance with the instruction will be purchased by PMA. No storage payment will be made by PMA on farm storage loans of wheat which is purchased.

Terminate wool set-aside order. Effective August 29 the U. S. Department of Agriculture terminated War Food Order 50, which restricted the sale of most wool to the Commodity Credit Corporation. Although this action ended mandatory sale of wool to the Commodity Credit Corporation, if the vendor elects he may still sell his wool to the Corporation. A joint organization has been formed to market the huge wool stocks accumulated by the British Commonwealth during the war. All wool offered will be subject to minimum reserve prices, and the organization will take over all new new wool not sold at minimum prices or above. The trend in wool prices, reports said, must move in accordance with general world conditions and the need to expand consumption. Price fluctuation will be avoided by joint measures of adequate offerings and reserve prices.

Demand for farm products. Civilian demand for farm products probably will continue sufficiently high well into 1946 to maintain the prices of most farm products close to current levels. Shortages of food and clothing, especially in Europe, probably will be more serious during the coming winter than at any other time since the start of the war. Purchases of farm products for relief will tend to increase as military takings decline. The decline in the wage income of industrial workers which has been under way for several months probably will be accelerated. However, total consumers' incomes are not likely to be reduced enough to close completely the existing gap between civilian demand and available supplies of many farm products at current prices.

The chief factors indicating a downward trend in consumers' incomes are the recent declines in industrial production and industrial employment, the total wage income of industrial workers and wage income per employed worker. Most of the decline in industrial production has been in durable manufactured goods, particularly machinery and transportation equipment. Offsetting this decline to a minor degree are slight increases in private construction and in production of equipment in the first half of 1945.

First conference of world food group. The first conference of the new Food and Agriculture Organization of the United Nations will be held in Canada beginning October 16. Invitations have been sent to 44 governments represented on the FAO's interim commission. The first conference will organize FAO operations and plan the first year's program. Executive Secretary Gove Hambidge said the conference expects to tackle immediately "some of the crying needs of the world" as well as the "long-time program." He predicted that many nations would present acute rehabilitation problems.

OLW:d
9/6/45

W E CARROLL
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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By O. L. Whalin
Associate Professor, Agricultural Extension
(Prepared September 12) 1945

Grain prices remained strong in spite of the September bumper crop report. With small receipts, hog prices continued at ceilings. Cattle prices continued weak, only a few loads bringing ceiling prices. All grades were under pressure and buyers' discrimination extended even to strictly choice steers. Better cattle showed renewed strength Wednesday with removal of the federal slaughter restrictions.

Western grass cattle have begun their flow in earnest to Chicago. Quality is showing considerable improvement, and prices are about in line with those of a year ago.

Wheat prices at the end of the war (August 15) averaged $1.45 a bushel and corn $1.13 a bushel at the farm compared with $2.05 for wheat and $1.38 for corn at the end of World War I. For two years after World War I farm prices for wheat and corn averaged considerably above parity, but during World War II wheat averaged slightly below parity and corn about parity. Farm prices of wheat August 15 averaged 95 per cent of parity, whereas corn averaged 102 per cent.

Another bumper crop is in prospect, according to the September federal crop report. Outstanding was the estimate for another corn crop in excess of 3 billion bushels--225,000 bushels more than was reported a month ago. The four major crops, of which both wheat and oats are the highest of record, together with sorghum grains and soybeans, promise a combined production of 6,393 million bushels compared with 6,132 million bushels harvested in 1944. Continued favorable weather in September and later than normal frosts will be necessary, the report stated, if these prospects are to be borne out.

Subsidies on cattle may be removed by April 1, 1946, according to a statement by Clinton P. Anderson, Secretary of Agriculture. The date, he said, would be announced far enough ahead to permit feeders to govern their purchases.

The Department of Agriculture and the OPA agree that meat rationing should end as soon as supplies are sufficiently adequate and distribution is sufficiently equitable to permit such action, according to a statement made by J. B. Hutson, Acting Secretary of Agriculture. The present supply situation, however, does not make possible predictions as to the exact time meat will be off rationing.

The break in shell egg prices was influenced by rumors of the end of meat rationing on October 1. Demand had already weakened, since meat, poultry, cheese and potatoes had become more plentiful.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

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WHEAT OUTLOOK FOR 1946

By L. F. Stice, Extension Marketing Specialist

Although the 1945 U. S. wheat crop is the largest on record, supplies are not excessive in relation to anticipated needs during the next ten months. In fact increased demands for export and continued heavy consumption of wheat in this country may result in a carry-over of all wheat on July 1, 1946, which will not be much larger than the 1932-1941 average (see table).

The September 1 estimate of the 1945 wheat crop was 1,152 million bushels compared with 1,079 million bushels in 1944 and the 1932-1941 average of 738 million bushels. Increased use of wheat for livestock feed and industrial alcohol in recent years has reduced the stocks of old wheat on July 1 to less than half of that in 1942 and 1943, and the total supply of wheat in the United States for the 1945-46 season is estimated to be 1,433 million bushels. The supply was 1,396 million bushels a year ago, 1,463 million bushels in 1943, and 1,606 million bushels in 1942.

It is expected that a fairly high level of wheat production will be needed in 1946. Prices in 1946 will be supported through the loan program at not below 90 percent of parity, which at the present time is $1.38 a bushel, U. S. average farm price. In Illinois the 1945 loan rate for No. 1 wheat is about 10 cents a bushel higher. In the later postwar years either production controls to bring production in line with domestic needs or subsidized exports will be necessary. The present price of wheat in the United States is substantially above that of other exporting countries.

SUPPLY AND DISAPPEARANCE OF WHEAT, UNITED STATES
1932-1941 average and 1942-1945 (year beginning July 1)

	1932-1941 av.	1942	1943	1944	1945
		(million bushels)			
Stocks, July 1	235	632	622	317	281
Production	738	974	841	1,079	1,152
Domestic supply	973	1,606	1,463	1,396	1,433
Domestic disappearance	678	951	1,217	1,017	976*
Available for export and carry-over	295	655	246	379	467*

* Indication

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By O. L. Whalin
Associate Professor, Agricultural Extension

(Prepared September 12)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures	
	Wednesday September 12,1945	Week ago	(close) Wednesday	Week ago
Wheat (No. 2 red)	$ 1.68 1/2	$ 1.66 1/2	$1.66	$1.64 1/2
Corn (No. 2 yellow)	1.18 1/2*	1.18 1/2*	1.15 1/8	1.15 3/8
Oats (No. 2 white)	.63 1/2-.66 1/2	.60 3/4	.60 5/8-3/4	.59 5/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.29-.32	.33-.35		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, September 12	12.2	12.2		

*Ceiling prices.

Grain prices remained strong in spite of the September bumper crop report. With small receipts, hog prices continued at ceilings. Cattle prices continued weak, only a few loads bringing ceiling prices. All grades were under pressure and buyers' discrimination extended even to strictly choice steers. Better cattle showed renewed strength Wednesday with removal of the federal slaughter restrictions.

Western grass cattle have begun their flow in earnest to Chicago. Quality is showing considerable improvement, and prices are about in line with those of a year ago.

Wheat and corn prices. Wheat prices at the end of the war (August 15) averaged $1.45 a bushel and corn $1.13 a bushel at the farm compared with $2.05 for wheat and $1.38 for corn at the end of World War I. For two years after World War I farm prices for wheat and corn averaged considerably above parity, but during World War II wheat averaged slightly below parity and corn about parity. Farm prices of wheat August 15 averaged 95 per cent of parity, whereas corn averaged 102 per cent.

Bumper crops of food and feed. Another bumper crop is in prospect, according to the September federal crop report. Outstanding was the estimate for another corn crop in excess of 3 billion bushels--225,000 bushels more than was reported a month ago. The four major crops, of which both wheat and oats are the highest of record, together with sorghum grains and soybeans, promise a combined production of 6,393 million bushels compared with 6,132 million bushels harvested in 1944. Continued favorable weather in September and later than normal frosts will be necessary, the report stated, if these prospects are to be borne out.

The big wheat crop, together with a record crop of rice and good yields of rye and buckwheat, lifts total 1945 production of food grains to the highest on record by more than 2 million tons.

Commercial feed supplies. Supplies of by-product feeds and oilseed cakes and meal for the first three quarters of the 1944-45 season were nearly 5 per cent above the record supply available for the corresponding period last year. Supplies of all feedstuffs increased except linseed meal, peanut cake and meal and brewers' dried grain. Despite smaller livestock numbers, demand for feed has continued active, and prices are mostly at ceiling levels.

Beef cattle subsidy. Subsidies on cattle may be removed by April 1, 1946, according to a statement by Clinton P. Anderson, Secretary of Agriculture. The date, he said, would be announced far enough ahead to permit feeders to govern their purchases.

Meat rationing. The Department of Agriculture and the OPA agree that meat rationing should end as soon as supplies are sufficiently adequate and distribution is sufficiently equitable to permit such action, according to a statement made by J. B. Hutson, Acting Secretary of Agriculture. The present supply situation, however, does not make possible predictions as to the exact time meat will be off rationing.

Egg situation. The break in shell egg prices was influenced by rumors of the end of meat rationing on October 1. Demand had already weakened, since meat, poultry, cheese and potatoes had become more plentiful. The fear that, because of recent cancellation of dried egg contracts by the army, the supply of surplus frozen eggs will flood the market has been allayed by the statement of the U. S. Department of Agriculture that there will be no dumping. With the government support price program set at 24 and 27 cents a dozen on the farm for run-of-the-mill eggs and candled eggs respectively, it has been pointed out that both the October future price and the spot market prices for current receipts are now at the price support level. However, most traders think that the government does not plan any support action at present.

Production response to war food needs. In eight of the more important food-exporting countries, the combined production of crops and livestock in 1944, as a percentage of the prewar period of 1935-39, was as follows, according to OFAR economists:

U.S.	Canada	Argentine	Brazil	Australia	New Zealand	India	United Kingdom
142	130	96	116	68	108	102	168

The report also showed that the value of the U. S. 1942-44 food exports was 395 per cent of the prewar level compared with 189 per cent for Canada, the next highest.

Vegetable dehydration cut. The termination of WFO 30 closes a big outlet for vegetables and will increase the supply available for canning, freezing and the fresh market. Estimated production of the greatly expanded dehydrating plants in 1944-45, by kinds of vegetables exclusive of tomatoes, was: beets, 7,027,000 lb.; cabbage, 9,800,000 lb.; carrots, 11,928,000 lb.; onions, 20,794,000 lb.; potatoes, 128,494,000 lb.; rutabagas, 2,771,000 lb.; and sweet potatoes, 15,227,000 lb.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By O. L. Whalin
Associate Professor, Agricultural Extension
(Prepared September 19) 1945

Both livestock and grain markets had an increasingly strong tone during the week. Slaughter cattle were 25 to 50 cents a hundred higher than a week earlier. The increase applied to all classes of slaughter cattle. Feeder cattle maintained the price level of a week ago in the face of increased marketings. Hog numbers are at a seasonal low, but weights are near record, averaging around 320 pounds compared with about 275 pounds a year ago.

The egg market has steadied with the U.S. Department of Agriculture announcement that the Army Quartermaster Corps will need approximately one million cases of shell eggs between now and the first of the year. The statement that other government agencies would be in the market for some supplies of shell eggs later in the year added support. Also, the production of fresh eggs has declined substantially.

The 1945-46 world production of wheat is estimated at about 5,400 million bushels, a decline of 5 percent from 1944 and 8 per cent less than the 1935-39 average.

The 1945 oat crop in Canada is estimated at 388,298,000 bushels, 111 million bushels less than in 1944.

The 1945 production of corn in Argentina has been placed at 116,745,000 bushels, which represents only 34 per cent of the 1944 crop.

With both sweet corn and green lima beans producing record crops, the entire vegetable crop for canning and processing is expected to be greater than in 1944, according to U.S. Department of Agriculture reports.

United States civilian allocations of sugar for the April-September period remained unchanged, but the supply for the last quarter of the year will be 28 per cent smaller than the average for the first three quarters and 36 per cent less than the final quarter of 1944. This will provide a civilian per capita supply of 73 pounds of sugar for the year compared with 89 pounds in 1944 and a 96-pound average for 1935-39.

The U.S. Department of Agriculture announced (September 14) that additional quantities of canned fruits and canned vegetables from the 1945 pack would be made available for civilian consumption as a result of decreased government requirements, which will be reflected in reduced set-aside percentages on these foods in forthcoming amendments to two War Food Orders, 22.8 (canned fruits) and 22.9 (canned vegetables). Reductions will make available an estimated additional 3,850,000 cases of canned fruits and 5,887,000 cases of canned vegetables.

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THE FEED OUTLOOK FOR 1945-46

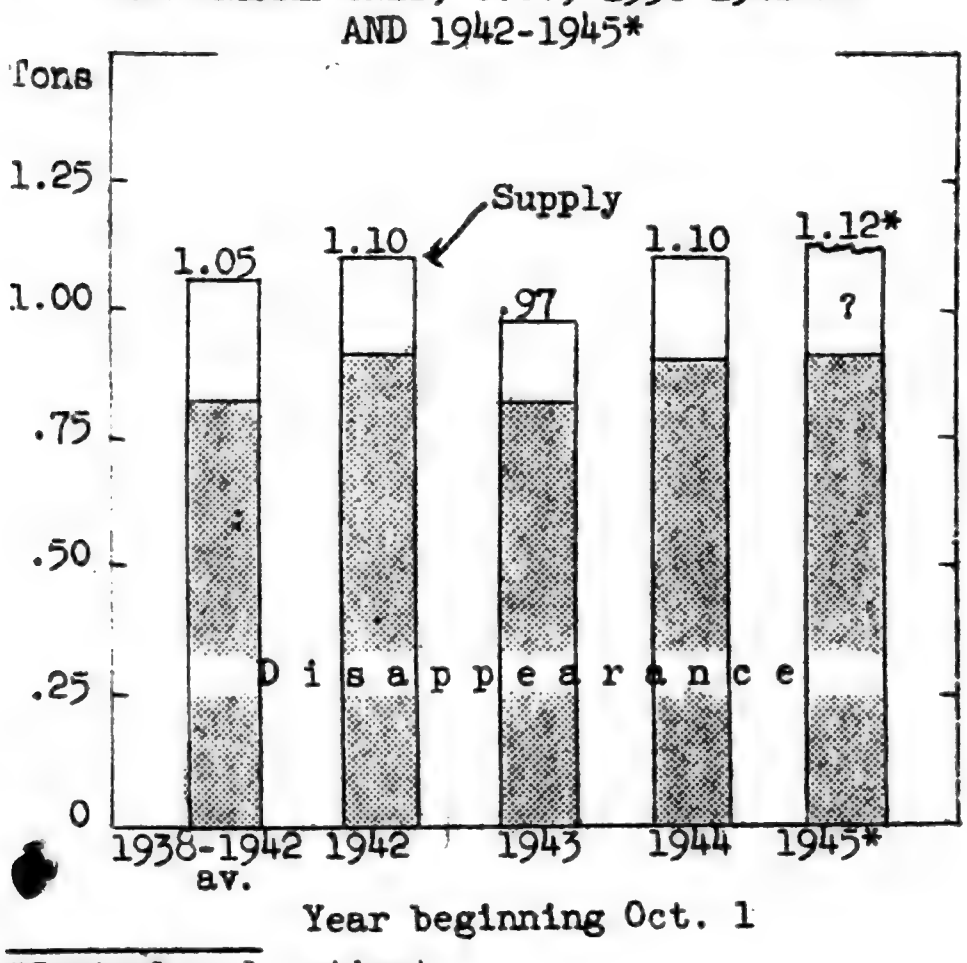
By L. F. Stice, Extension Marketing Specialist

Because of the lateness of the corn crop this year the feed outlook is still uncertain, but the present situation may be summarized as follows.

Feed grains. On the basis of the September 1 U.S.D.A. estimate, the supply of corn will be the same as a year ago; the 1945 crop is down 5 percent, but stocks of old corn are larger. The crop in the western corn belt states is down 18 percent, but that of the eastern corn belt states is up 11 percent. In Illinois the crop is expected to be 409 million bushels compared with 404 in 1944, but the crop in the southern and southwestern counties will be extremely short.

The 1945 oat crop for the United States is over one-third larger than a year ago, while grain sorghum production is expected to be down by about one-third. Less wheat will be available for livestock feed, as more is needed for human food in foreign countries.

FEED CONCENTRATES. SUPPLY AND DISAPPEARANCE PER ANIMAL UNIT, U.S., 1938-1942 AV. AND 1942-1945*



*September 1 estimate

Feed grain requirements in the 1945-46 feeding season are expected to be about as large as in 1944-45. Distillers and feed manufacturers will likely use more corn and less of other grains.

Protein concentrates. Larger supplies of soybean and linseed meal are in prospect, but the supply of cottonseed meal will be smaller.

The total supply of all feed concentrates is expected to be 1.12 tons per grain-conserving animal unit compared with 1.10 tons a year ago, an increase of about 2 percent (see chart).

WEEKLY MARKET REVIEW AND FARM OUTLOOK

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Associate Professor, Agricultural Extension

(Prepared September 19)

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Oats (No. 2 white)	.64 5/8-.67 5/8	.63 1/2-.66 1/2	.62 1/8-1/4	.60 5/8-3/.
Butter (92 score)	.41*	.41*		
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Hog-corn ratio, Chicago, September 19	12.2	12.2		

* Ceiling prices

Both livestock and grain markets had an increasingly strong tone during the week. Slaughter cattle were 25 to 50 cents a hundred higher than a week earlier. The increase applied to all classes of slaughter cattle. Feeder cattle maintained the price level of a week ago in the face of increased marketings. Hog numbers are at a seasonal low, but weights are near record, averaging around 320 pounds compared with about 275 pounds a year ago.

Egg situation. The egg market has steadied with the U.S. Department of Agriculture announcement that the Army Quartermaster Corps will need approximately one million cases of shell eggs between now and the first of the year. The statement that other government agencies would be in the market later in the year for some supplies of shell eggs added support. Also, the production of fresh eggs has declined substantially. Cold storage holdings of eggs on September 1 were the lowest on record. Total holdings of shell eggs on that date were 4,721,000 cases compared with 7,653,000 cases a year earlier and a five-year average of 7,061,000 cases.

Foreign crop outlook. The 1945-46 world production of wheat is estimated at about 5,400 million bushels, a decline of 5 per cent from 1944 and 8 per cent less than the 1935-39 average. The harvest is short in Europe and Africa. The Southern Hemisphere, which includes Argentina and Australia, has a larger wheat acreage than the small acreage harvested in 1944, but below that of other recent years. The North American total of wheat production is expected to be slightly smaller than a year ago because of an estimated 100-million-bushel decrease in Canada.

The 1945 oat crop in Canada is estimated at 388,298,000 bushels, 111 million bushels less than in 1944.

The 1945 production of corn in Argentina has been placed at 116,745,000 bushels, which represents only 34 per cent of the 1944 crop. The greatly reduced

crop is due to a 9 per cent decrease in planted acreage and a 58 per cent reduction from 1944 in harvested acreage as a result of severe drouth.

Bumper vegetable crop for canning. With both sweet corn and green lima beans producing record crops, the entire vegetable crop for canning and processing is expected to be greater than in 1944, according to U.S. Department of Agriculture reports. The sweet corn crop is estimated at 1,302,900 tons compared with the 1942 peak of 1,282,500 tons and 1944 production of 1,009,000 tons. The 1945 green lima bean crop is a third larger than last year. Snap beans and cabbage are above the 1944 production.

1946 Cuban sugar crop. A private estimate places the 1946 Cuban sugar crop at 4,440,000 tons against 3,925,000 tons for 1945.

United States civilian allocations of sugar for the April-September period remained unchanged, but the supply for the last quarter of the year will be 28 per cent smaller than the average for the first three quarters and 36 per cent less than the final quarter of 1944. This will provide a civilian per capita supply of 73 pounds of sugar for the year compared with 89 pounds in 1944 and a 96-pound average for 1935-39.

Slight drop in world cattle numbers. There was a slight decrease in world cattle numbers at the beginning of 1945 compared to the previous year, according to preliminary estimates of the U.S. Department of Agriculture Office of Foreign Agricultural Relations. The total, amounting to 711 million head, was 2 per cent less than the 1936-40 average of 723 million.

Further reduction in world cattle numbers in 1945 is indicated, however, because of animal losses since January in central and eastern Europe in connection with military operations and the ending of the war, less favorable feed supplies and less assurance of favorable economic conditions during the next few years.

In North America, cattle numbers on January 1, 1945, remained near the record level of about 113 million established a year earlier. Cattle numbers in Europe, exclusive of the U.S.S.R., showed a 5 per cent decrease at the beginning of 1945 and were 13 per cent less than the 1936-40 average of 110,100,000 head. Unfavorable pasture weather discouraged expansion in South America's principal cattle areas, and animal numbers remained about the same as a year before. However, Argentine cattle numbers in mid-1945 probably were slightly higher than a year ago because slaughter during the first six months ran below normal rates. Australian cattle are estimated at 13,500,000 head, a decrease of 5 per cent.

Canned fruits and canned vegetables set-asides reduced. The Department of Agriculture announced (September 14) that additional quantities of canned fruits and canned vegetables from the 1945 pack would be made available for civilian consumption as a result of decreased government requirements, which will be reflected in reduced set-aside percentages on these foods in forthcoming amendments to two War Food Orders, 22.8 (canned fruits) and 22.9 (canned vegetables). Reductions will make available an estimated additional 3,850,000 cases of canned fruits and 5,887,000 cases of canned vegetables.

Government controls on cheese removed. All government controls on the manufacture and distribution of cheese were removed when the U.S. Department of Agriculture issued Amendment 5 to its War Food Order 15 and terminated WFO 92 effective

September 1. Coincident with the announcement, Chester Bowles, administrator for the Office of Price Administration, announced complete removal of point values for all varieties of cheese effective at 12:01 a.m. September 12. The action followed advice from the U. S. Army Quartermaster Corps that some military stocks of Cheddar cheese could be used to fulfill foreign requirements, since present and anticipated reductions in troop strength had reduced military requirements.

Purchase and loan program for Irish potatoes. A broadened purchase and loan program for the nation's bumper crop of Irish potatoes was announced today by Secretary of Agriculture Clinton P. Anderson. The expanded program provides for government purchase in some areas, and for granting government loans in others when the potatoes are held on farms in "bank or pit storage."

The September 1 estimate of the 1945 potato crop was 433 million bushels compared with approximately 379 million bushels in 1944 and an average of 375 million for the years 1934-43. The purchase and loan program is designed to help producers dispose of this large crop and to support prices in accordance with government wartime commitments.

Over-all requirements for civilian consumption, military needs, seed potatoes and normal waste in harvesting and storage are expected to account for about 380 million bushels from the 1945 crop, leaving the rest of the crop for diversion, for government purchase or for storage under loans. Up to September 1 the government had already purchased 5,395 carloads (approximately 600 bushels to the car). More than 4,000 carloads of these have been disposed of through diversion channels, including school lunch and other welfare programs, for canning, for starch production and a small percentage for livestock feed. The remainder were placed in storage.

Commenting on the program, Secretary Anderson said: "The purchase and loan activities will be continued as long as necessary to do the job. The size of the job will be lessened if the food distributive trades and the housewives of the country will do all they can to see that full use is made of potatoes in every practicable way. There is a real challenge here to conserve this valuable food crop."

Number of hired farm workers show increase. The number of hired workers employed on farms showed a larger than usual seasonal increase during August, and on September 1 was about the same as a year earlier, according to a U.S. Department of Agriculture report. During the past year the monthly estimates of the number of hired workers have averaged about 100,000 less than for the same months a year ago. Hired workers totaled 2,813,000 this month, just a little less than on September 1, 1944.

Some workers released from war industries and the armed forces are already returning to work on farms. On the whole, however, few residents and former residents of rural areas discharged from war jobs are now returning to farm employment. Shifts from industries to farms probably will not result in any immediate sharp upturn in farm employment.

OLW:ml
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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared September 27) 1945

Prices of grains and livestock, particularly well-finished steers, during the past few weeks could easily leave the impression that the future of agriculture is extremely bright. In spite of the facts that war plants are closing down and that men are being discharged in large numbers from the armed forces, there seems to be no decline in the demand for food. How long will this situation continue?

Prices of foodstuffs were not permitted to reflect the actual level of demand during the war. The situation has not changed since V-J day. Retail prices of foods are still low relative to the incomes of an unusually large fraction of consumers, and an abnormally large backlog of savings is available to supplement current incomes. In spite of lay-offs and strikes, it is likely that the demand for foodstuffs will be maintained at a high level during the reconversion period; that industrial activity will be high enough after reconversion to maintain buying power at a high level compared with prewar but considerably below the wartime level; and that private construction will be resumed fast enough to help absorb the shock of the discontinuance of wartime construction. In addition, present indications point to a relatively large export outlet based upon loans to foreign countries. Part of these exports will be agricultural products, but exports of industrial products also provide employment and purchasing power for agricultural products. Sometime exports and domestic demand will decline.

The relationship between prices of the various farm products will undoubtedly change. Prices of products which rose most as a result of special wartime demands and limitations of the availability of competing products will decline most. Some prices held down by ceilings may rise. The average price of all farm products is more likely to decline than to rise during the next two or three years. Inflation is in the air, but it is likely to be represented by rising costs of industrial goods, construction materials and wages, rather than in the prices of farms products.

Already we are beginning to see the transition back toward prewar situations. This transition will take place over a period of years, being delayed in some cases by exceptionally favorable export outlets for some products. Wheat growers have been given assurance by the Department of Agriculture that there would be no need to curtail acreages below the current plantings for the next several years. They say that stocks in this country and abroad have been reduced to moderate levels and export demand is so high that outlets would continue to absorb wheat in quantities equal to the consumption figures this year for several more seasons. They may be too optimistic.

In contrast we have some indications that the soybean acreage cannot be maintained at present levels and bring current prices. The Department of Agriculture has indicated that the armed forces have previously contracted for 32 percent of the current peanut crop; that in the future the needs of the armed forces will not be a consideration, and that a reduction in peanut acreage next year was predicted. This suggests a marked easing in the oil situation and also suggests a reduction of soybean acreage next season. It is expected that flaxseed incentives will be abandoned next year and that there will probably be a reduction of flaxseed acreage. Other farm products likely to suffer most within two years are cotton, wool and lard. The demand for meat, milk, cheese, fruits, vegetables and butter is expected to remain strong.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914

FATS AND OILS SUPPLIES FOR CIVILIANS

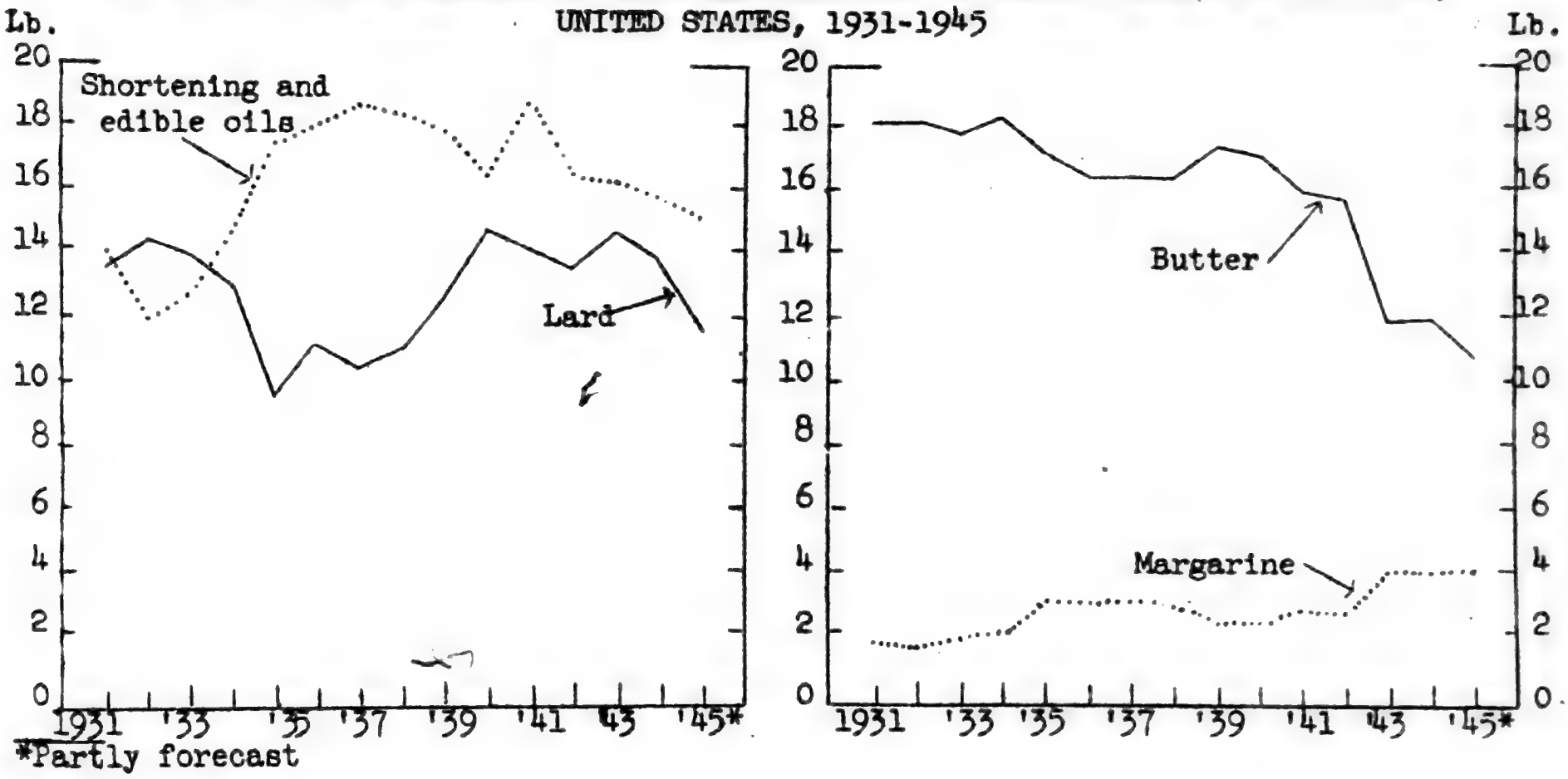
By R. J. Mutti, Assistant Professor of Marketing

Per capita supplies of food fats for civilians in 1945 are the smallest in over 20 years and nearly 10 percent below 1944. Chief reason for the decline from 1944 is the estimated 30 percent lower output of lard. Butter production is the lowest since 1928. Production of vegetable oils during 1945-46 from domestic crops of cotton, soybeans and flax is expected to be below that in 1944-45, the decline in cottonseed being greater than the increases in soybeans and flaxseed.

Supplies are expected to continue short for the rest of 1945. Increases in the first half of 1946 will depend on lowered military needs for shortening and edible oils, imports of tropical oils and flaxseed and a seasonally higher output of lard. Lard production will increase further if hogs continue to be marketed at heavier weights.

From 1931 through 1939, civilian consumption of butter declined slightly, and margarine consumption increased slightly. These trends have been greatly accentuated during the war, although civilians will still consume about 2 3/4 pounds of butter to each pounds of margarine during 1945 (see chart).

PER CAPITA DISAPPEARANCE OF FATS AND OILS FOR CIVILIAN CONSUMPTION AS FOOD, UNITED STATES, 1931-1945



*Partly forecast

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared September 27)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday Sept. 26, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.76 1/4**	$1.71 1/2-1.72 1/2	$1.71 7/8	$1.68 1/8-1/4
Corn (No. 2 yellow)	1.18 1/2*	1.18 1/2*	1.16 1/2	1.16 7/8
Oats (No. 2 white)	.67 1/2	.64 5/8-.67 5/8	.63	.62 1/8-1/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.32-.35	.30-.33 1/2		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, September 22	12.3	12.2		

*Ceiling prices.
**Nominal. No cash sales.

Grain prices maintained the upward trend of the past two or three weeks. Tuesday, September 25, all deliveries of wheat on the Chicago Board of Trade advanced to new high prices for the season. Corn receipts have been light, and industries have had difficulty obtaining all the corn they needed. However, it is expected that if a heavy frost holds off until the middle of October considerable corn may come to market in November and December. Recent prices of grains have been influenced by very large purchases of wheat by the government in August and news of large export sales of Canadian oats. The Government also forecast a disappearance of rye this season of about 37 million bushels, or nearly 10 million bushels in excess of the 1945 crop. This would leave a very small carry-over of rye next July. Commercial stocks of all grains except oats on September 25 were substantially below commercial stocks a year earlier. Holdings of both corn and rye are at exceptionally low levels.

The demand for well-finished cattle was strong, and a broad demand moved a record number of high-quality cattle at the ceiling price of $18 Monday, September 24, at Chicago. Tuesday choice cattle continued to be in strong demand in Chicago, but dullness developed in the markets for poor grades. Lambs were weak Monday but made a slight recovery Tuesday.

Long-time versus short-time outlook. Price movements during the past few weeks could easily leave the impression that the future of agriculture is extremely bright. We have an unusually large crop of corn in prospect, but prices hold at the ceiling. Wheat futures have advanced to a new high level for the season, and choice

steers are selling at the ceiling. How long will this situation continue? In order to answer that question intelligently, a number of factors affecting the demand for farm products must be considered. In spite of the facts that war plants are closing down and that men are being discharged in large numbers from the armed forces, there seems to be no decline in the demand for food.

Prices of foodstuffs were not permitted to reflect the actual level of demand during the war. Prices received by farmers more nearly reflected the actual demand than the price paid by consumers. Consumer prices were held down by price controls and liberal federal subsidies. The situation has not changed since the fighting stopped. Retail prices of foods are still low relative to the incomes of an unusually large fraction of consumers, and an abnormally large backlog of savings is available to supplement current incomes. In spite of lay-offs and strikes, it is likely that the demand for foodstuffs will be maintained at a high level during the reconversion period; that industrial activity will be high enough after reconversion to maintain buying power at a high level compared with prewar but considerably below the wartime level; and that private construction will be resumed fast enough to help absorb the shock of the discontinuance of wartime construction. In addition, present indications point to a relatively large export outlet based upon loans to foreign countries. Part of these exports will be agricultural products, but exports of industrial products also provide employment and purchasing power for agricultural products.

In connection with possible exports it is reported that vast loans are under discussion for Britain, China, Russia and other foreign nations. Amounts suggested include six billion dollars for Russia and from three to six billion dollars for Britain. A recent estimate indicates that within six years imports into reconstituted China, including Manchuria and Formosa, will amount to the equivalent of approximately one billion dollars in United States currency. It is expected that the United States will supply about 25 percent of these imports. Most of them will be machinery, transportation equipment and other industrial products. Loans are now under active discussion for Britain, Chile, Ecuador, Greece, Norway, Denmark and the Netherlands.

One of the causes of prosperity following World War I was a large volume of exports financed by loans, hence not offset by imports. It appears that the same procedure will be followed this time but on a much larger scale. One of the causes of the depression of the thirties was the shutting off of credit and the necessity of debtor countries to repay their loans. Although steps are being taken to extend the loans over a longer period of time in order to facilitate payment, we may look for another depression any time the procedure is reversed from an expansion of credit to a contraction of credit.

Considering the stimulation that is likely to result from a high level of industrial activity and a high level of exports, no serious collapse in prices of farm products need be expected in the immediate future. However, the relationship between prices of the various farm products will undoubtedly change. Prices of products which rose most as a result of special wartime demands and limitations of the availability of competing products will decline most. Some prices held down by ceilings may rise. The average price of all farm products is more likely to decline than to rise during the next two or three years. Inflation is in the air, but it is likely to be represented by rising costs of industrial goods, construction materials and wages, rather than in

the prices of farm products. Although the actual demand during the war would have supported prices of foodstuffs at a higher level than actually existed, now that the war is over and other types of goods will become available, a large fraction of the buying power will be used to replace worn-out or obsolete consumer goods and homes. The fraction of total income available for the purchase of farm products will decline greatly. Sometime exports and domestic demand will decline.

Individual commodities affected differently. Already we are beginning to see the transition back toward prewar situations. This transition will take place over a period of years, being delayed in some cases by exceptionally favorable export outlets for some products. For example, wheat growers of the United States have been given assurance by the Department of Agriculture that there would be no need to curtail acreages below the current plantings for the next several years. They say that stocks in this country and abroad have been reduced to moderate levels and export demand is so high that outlets would continue to absorb wheat in quantities equal to the consumption figures this year for several more seasons. However, it was pointed out that if relatively high wheat acreages were maintained for several years this country will again have the problem of disposing of very large stocks. particularly under the International Wheat Agreement that may or may not be invoked. An imposition of that agreement would call for pegged prices and restricted export quotas.

In contrast to the wheat situation, we have some indications that the soybean acreage cannot be maintained at present levels and bring current prices. The Department of Agriculture has indicated that 50 thousand tons of edible peanuts were turned back recently by the army and that they have been crushed for oil; that the armed forces have previously contracted for 32 percent of the current peanut crop; that in the future the needs of the armed forces will not be a consideration, and that a reduction in peanut acreage next year was predicted. This suggests a marked easing in the oil situation and also suggests a reduction of soybean acreage next season. However, before any determination of the soybean program has been decided, the Secretary of Agriculture assured growers that the soybean-raising industry would be called in for conference. It is expected that flaxseed incentives will be abandoned next year and that there will probably be a reduction of flaxseed acreage. Other farm products likely to suffer most within two years are cotton, wool and lard. The demand for meat, milk, cheese, fruits, vegetables and butter is expected to remain strong.

The farmers' interest in labor strikes. Most farm people are likely to become incensed at the demands of organized labor for greatly increased hourly wage returns and the methods that they use to enforce their demands. Farmers have a vital interest in the size of industrial payrolls. In the absence of subsidies or limitations in the form of price supports, benefit payments, direct subsidies and price ceilings, farm income is closely correlated with industrial employment and payrolls. If the demands of organized labor cannot be met by the employer and unemployment increases rapidly, the demand for farm products is bound to decline. However, if an increase in wage rates will not restrict industrial output and employment, farmers are likely to gain as a result of the increase in payrolls. This is not to say that farmers wouldn't gain as much or more by a reduction in the prices of manufactured goods. However, high wage rates tend to stimulate inventions that lower costs and otherwise increase efficiency of management so that we may have reduced costs through technological improvements that help offset high labor costs. At the present time it does not appear that the demand for farm products will be greatly curtailed by strikes and

threats of strikes. One basis for my opinion is the action of the stock market. In spite of the closing of automobile factories, a threat to gasoline supplies and the demand for a 30 percent increase in hourly wage rates, the stock market has remained strong. This would indicate that the demand for manufactured products is expected to remain at a high level; that industries do not expect to be forced to close down for any long period; and that profits are expected to remain at a high enough level, probably as a result of a large volume of business, to take care of any wage increases that are likely to be granted and still pay reasonable dividends.

Larger supplies of shortening and soap to civilians. Beginning October 1 quotas will be increased for manufacturers of fats and oils for the production of civilian supplies of shortening, cooking and salad oils from the present 79 percent to 88 percent of average use during the 1940-41 base period. The quota for margarine remains at 95 percent. The quarterly quota for household package and bar soap has increased from the present 74 to 78 percent. The quota of production of paints and varnish, coated fabrics and floor covering such as linoleum will increase from the present 45 to 75 percent. Secretary Anderson said, "It is hoped that larger and more even distribution of these products throughout the country will make it possible to recommend removal of shortening and cooking oils from rationing after January 1, 1946."

Fourth quarter sugar allotment. For the fourth quarter of 1945 United States civilians have been allotted 982 thousand tons of sugar. This is approximately equal to the 1942 quantity for civilians but substantially lower than the quantity made available to civilians in the fourth quarter of last year.

President Truman considers agriculture in reconversion plans. In his special reconversion message to Congress, the President recommended: 1. Making an additional $5,000,000,000 available to the Commodity Credit Corporation to safeguard farm prices. This should be done by transferring lend-lease funds to the account of CCC on a continuing basis. 2. Stimulation of the export of farm products, particularly through shipment of more food to war-ravaged areas. 3. Strengthening and further development of the federal crop insurance programs, which, together with the assurance of reasonable and stable farm prices, will go a long way toward meeting basic problems which have plagued farmers in the past. 4. Continuation and strengthening of programs for conservation and improvement of our soil and forest resources, and also for scientific research.

GLJ:CD
9/27/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared October 4) 1945

Grain prices, particularly grain futures, rose to new seasonal highs during the past week. Wheat was strong as a result of excellent mill buying and inflation fears. Cattle prices have not been as strong during the past week as during the previous week. One reason given for the reduction in prices has been caution on the part of buyers at the beginning of a new accounting period. It appears that the slaughterers found by mid-September that their average prices were well below the government's stipulated maximum average. Therefore, they bid more freely during the latter part of September than would be justified on the average. An increasing percentage of 1945 spring pigs are arriving at Chicago. There is a rumor to the effect that the hog price ceiling at Chicago may be raised anywhere from 10 cents to 25 cents possibly within the next few days. Corn ceilings will not be raised.

The index of prices received by U. S. farmers dropped 7 points between August 15 and September 15. The greatest declines were in truck crops and to a less extent meat animals, eggs, feed grains, tobacco and oil crops. In contrast, prices of commodities used for family living increased one point to a new high since 1920. As a result of these contrasting trends in prices received and paid by farmers, the parity ratio dropped to 113 compared with 118 in August and 113 a year ago. Compared to the 1935-1939 average, Illinois farm prices on September 15 ranked as follows:

Apples	231%	Milk	180%	Hogs	167%
Soybeans	226	Butterfat	180	Sheep	165
Milk cows	221	Wheat	180	Corn	164
Potatoes	198	Barley	176	Beef cattle	164
Oats	194	Eggs	170	Hay	163
Wool	184	Chickens	170	Veal calves	158
				Lambs	151

Receipts of salable cattle at 12 public markets during the month of September were 5 percent below September 1944. Receipts of calves were down 14 percent. Receipts of hogs at these 12 markets were down 55 percent. Average weights of hogs are extremely high, averaging 294 pounds for barrows and gilts at Chicago compared to 225 pounds in September 1944.

The government has announced that the subsidy payments on wheat milled into flour will be 7 cents higher than for the period ending September 30. This additional subsidy will encourage millers to offer flour more aggressively.

In order to ease the protein feed situation until the new crop vegetable proteins become available, it has been suggested that more grain and less protein be fed to turkeys, broilers and late-hatched chicks, that all hens and slowly maturing birds be culled and that more pasture and less protein be fed to dairy and beef cattle. Hog men are urged to use the protein supplements for brood sows and fall pigs rather than for market hogs.

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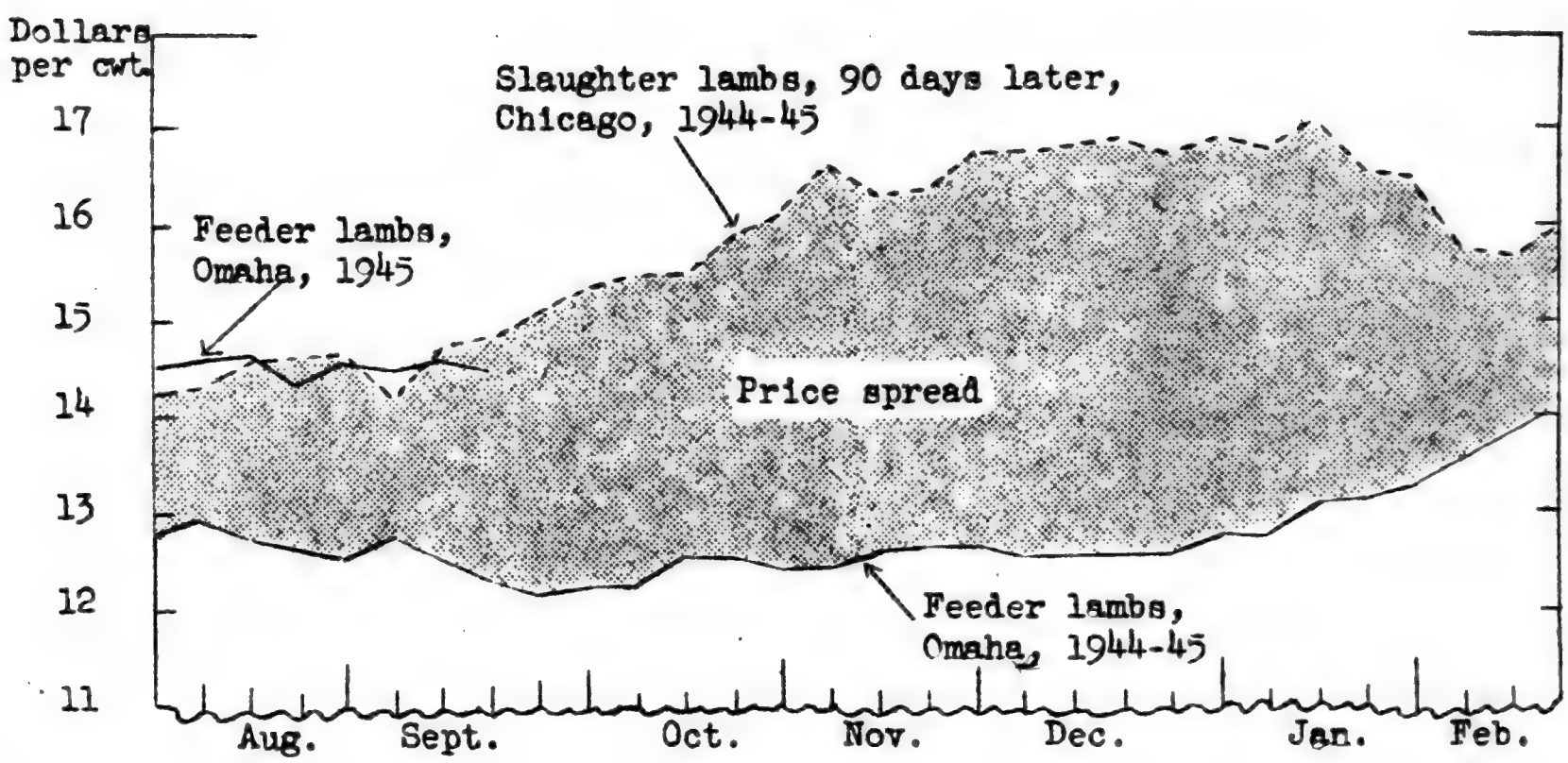
LAMB FEEDING SITUATION

By L. F. Stice, Extension Marketing Specialist

Present indications are that there will be an increase in lamb feeding in Illinois this winter over a year ago, but possibly a decrease for the corn belt as a whole. During July and August the number of stocker and feeder sheep received in eight corn belt states was 6 percent below a year previous, while reports for Illinois indicate a 67 percent increase. Also, for the week ended September 27, 1945, the total shipments of stocker and feeder sheep from the Kansas City stock yards were below a year ago, but shipments into Illinois were more than double those for the same week in 1944.

Prices of feeder lambs at the Omaha market in August and September this year have been at the same level as prices of slaughter lambs at Chicago during November and the first of December of 1944. If prices of fed lambs this year follow the same pattern as last year, lamb feeders will have about the amount of the subsidy for their margins for lambs bought recently. This will not be as great as the margins received last year.

PRICES OF FEEDER LAMBS AT OMAHA AND SLAUGHTER LAMBS AT CHICAGO
90 DAYS LATER, 1944-45



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared October 4)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday October 3, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.77 3/4**	$ 1.76 1/4**	$1.73 5/8	$1.71 7/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2*	1.16 7/8	1.16 1/2
Oats (No. 2 white)	.70**	.67 1/2	.65	.63
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.36-.38	.32-.35		
Hogs (top price paid)	14.75*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, September 29	12.3	12.3		

*Ceiling prices.
**Nominal. No cash sales.

Grain prices, particularly grain futures, rose to new seasonal highs during the past week. Wheat was strong as a result of excellent mill buying and inflation fears. There has been a rapid flow of wheat into consuming channels, and country marketings have diminished. It is expected that the export flow of wheat and wheat flour during the next three or four months will be large. Corn marketings are very light, partly because of the uncertainty concerning the maturing of the new crop and partly as the result of an anticipation of a reduction in income taxes to become effective January 1, 1946. In connection with this income tax outlook, it now appears that the reduction in income taxes will approach 2 1/2 billion dollars. The proposal being favored by the House committee at the moment is to make the exemptions for dependents the same in connection with the 3 percent tax as it is on surtaxes and to reduce surtaxes about 4 percentage points. The OPA reiterated its previous statement that corn ceilings will not be raised.

Cattle prices have not been as strong during the past week as during the previous week. There has been no letup in the consumer demand for beef. In fact, it probably will be stronger with the release of low-quality beef from rationing. One reason given for the reduction in prices has been caution on the part of buyers at the beginning of a new accounting period. It appears that the slaughterers found by mid-September that their average prices were well below the government's stipulated maximum average. Therefore, they bid more freely during the latter part of September than would be justified on the average. Hog receipts continue to be light, and supplies clear quickly at OPA ceilings. An increasing percentage of 1945 spring pigs are arriving at Chicago. There is a rumor to the effect that the hog price ceiling at Chicago may be raised anywhere from 10 cents to 25 cents possibly with the next few days.

September 15 prices at 113 percent of parity. The index of prices received by U. S. farmers dropped 7 points between August 15 and September 15. The greatest declines were in truck crops and to a less extent meat animals, eggs, feed grains, tobacco and oil crops. In contrast, prices of commodities used for family living increased one point to a new high since 1920. As a result of these contrasting trends in prices received and paid by farmers, the parity ratio dropped to 113 compared with 118 in August and 113 a year ago. Actual prices (U.S.) as a percentage of parity were as follows on September 15:

Apples	170	Veal calves	115	Corn	100
Chickens	139	Hogs	112	Eggs	98
Wool	130	Milk	112	Wheat	94
Beef cattle	127	Butterfat	111	Barley	90
Lambs	122	Rye	105	Oats	84
				Hay	69

Compared to the 1935-1939 average, Illinois farm prices on September 15 ranked as follows:

Apples	231	Milk	180	Hogs	167
Soybeans	226	Butterfat	180	Sheep	165
Milk cows	221	Wheat	180	Corn	164
Potatoes	198	Barley	176	Beef cattle	164
Oats	194	Eggs	170	Hay	163
Wool	184	Chickens	170	Veal calves	158
				Lambs	151

Livestock receipts. Receipts of salable cattle at 12 public markets during the month of September were 5 percent below September 1944. Receipts of calves were down 14 percent. Receipts of hogs at these 12 markets were down 55 percent in September compared with a May-to-September average decline of 60 percent from the same period last year. Receipts of salable sheep and lambs were down 31 percent. Average weights of hogs are extremely high, averaging 294 pounds for barrows and gilts at Chicago, compared to 225 pounds in September 1944. Western markets continue to show the greatest increase, 79 pounds at St. Paul and 73 pounds at Omaha. It should be kept in mind in interpreting these hog receipt figures that these are salable receipts and do not include directs. As packers found it more and more difficult to obtain a reasonable quota at terminal markets, there was a tendency for those who were in the best position to do so to buy more hogs direct.

Wheat subsidy increased. The government has announced that the subsidy payments on wheat milled into flour will be 7 cents higher than for the period ending September 30. This additional subsidy will encourage millers to offer flour more aggressively and will add to a strong demand from domestic consumers and for export.

Livestock subsidy. It is expected that livestock subsidies will be gradually eliminated over the next nine months' period. These subsidies were paid both to packers and to producers and were designed to encourage the raising and fattening of livestock to meet expanded wartime demands and hold down the cost to consumers. Producers do not like subsidies, but their removal at the present time would result in an increase in prices of meat to consumers. Both subsidies and price ceilings

probably will be eliminated whenever it is felt that their removal will not cause a large increase in the retail prices of meat. Subsidies can be removed with less repercussions on the producer if done at a time when the demand for meats is strong.

Farmers urged to conserve protein feeds. The Department of Agriculture has made recommendations to poultrymen and livestock raisers designed to ease the protein feed situation until the new crop vegetable proteins become available. It is suggested that more grain and less protein be fed to turkeys, broilers and late-hatched chicks, that all hens and slowly maturing birds be culled and that more pasture and less protein be fed to dairy and beef cattle. Hog men are urged to use the protein supplements for brood sows and fall pigs rather than for market hogs. There was no increase in protein production last year to take care of the increase of 22 percent in turkeys, 23 percent in chickens, the 40- to 60-pound heavier weights of hogs and heavier feeding of dairy cows.

The fats and oils situation. The government reports that the shortage in fats and oils has been eased by reductions in military requirements and termination of lend-lease. Some increase in butter and lard over previous expectations will probably be available. However, total supplies of fats and oils are substantially smaller now than a year ago. Production and imports are also lower. Further improvement in the situation is expected in 1946. Some imports from the Philippines and possibly from the East Indies will help ease the soap-fat situation next year. Butter and lard production will increase, but the domestic production of cottonseed oil will be materially smaller in early 1946 than a year earlier. This year's cottonseed crop is down 15 percent.

New high record in hatchery output. The output of 5,200,000 chicks by Illinois hatcheries during August was the largest on record, according to the Illinois agricultural statistician. It was almost three times as high as a year earlier. Illinois leads all states with the production of 125 million baby chicks during the first eight months of this year. Last year we ranked second for this period with an output of 95 million chicks. The demand for chicks has exceeded the supply during much of the season, and production has been limited largely by the available supply of hatching eggs. Statistician A. J. Surratt reports that local supplies of poultry meat increased seasonally during August, with a sharp upturn toward the close of the month following termination of war food orders.

Purebred cattle to South America. A shipment of purebred livestock to Colombia, South America, was reported during the past week. This shipment consisted of 200 registered Holsteins, 40 Brown Swiss, and a number of Jersey cattle, Berkshire hogs and Percheron horses. The purchases were made in Wisconsin. This illustrates the possibility of developing an enlarged market for high-quality purebred livestock. However, these sales don't just happen; some sales promotion effort is required.

The food situation in U. S. The food outlook has improved primarily as a result of the sudden end of the war. Even though the civilian demand may taper off as consumer incomes decline, it is expected that the general demand for food will still be high relative to supplies during the next few months. A substantial quantity of food may be made available to liberated areas. These shipments probably will include some canned meats and some fresh and frozen meats (particularly lower grades of beef which will be plentiful), some cheaper types of canned fish, canned and

powdered milk, eggs, cheese, potatoes, some dried beans and peas, dried fruits, rice, some corn and wheat, according to the United States Department of Agriculture. This fall and winter U. S. supplies of most of the above-named foods plus canned fruits, fruit juices and vegetables, turkeys, chickens and fluid cream will be much larger than in the same period last year. Especially large supplies of potatoes, eggs, and lower grades of beef are anticipated.

The world food situation. In contrast to the improving situation in the United States, a survey made by the Office of Foreign Agricultural Relations forecasts an increasingly grave world food situation, reflecting lower production and diminished stocks. Per capita output is expected to decline 10 percent if allowances are made for the net increase in population during the war. The situation is worst among urban populations in war-torn areas. Supplies of rice, sugar, fats and oils are far below prewar levels. Continental Europe (excluding the USSR) and North Africa have suffered as the results of both the war and the drouth. Production is estimated at 25 percent below prewar. The outlook in the Far East is also serious, although less so than in Europe. The wheat and rice supplies in both China and India are very short. Some of the restrictions that are being continued in the United States are kept to make it possible for us to help relieve this world situation. The United Nations Relief and Rehabilitation Administration will take over unused army rations for relief feeding, according to a news release of October 3.

GLJ:wd
10/4/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared October 11) 1945

With corn at the ceiling, a great deal of interest has been shown in oats during the past few weeks and oats prices have risen considerably. The strength in wheat prices has been maintained by the strong demand from millers and distillers, by heavy exports and by the inflationary implications of the Pace Bill. If the Pace Bill becomes a law, parity and support prices will be raised substantially.

The hog price ceilings at Chicago and other markets were raised during the past week. New ceilings at Chicago are $14.85 and $14.10. Feeder cattle prices have also risen during the past two weeks. Market analysts point out that the market for stocker and feeder cattle was strengthened by the excessive September rainfall followed by cold weather in the corn belt and frosts which prevented the maturity of much of the late-planted corn. However, the October 1 crop report forecasts a corn crop in excess of three billion bushels. Apparently many farmers who were waiting for lower prices on replacement cattle have decided to get into the market even though prices of feeder cattle are rising counter to the normal seasonal trend. On the other hand, slaughterers are not bidding as competitively for medium grade steers as they were several months ago. One of the uncertainties in the outlook for cattle feeding is the possibility of the withdrawal of subsidy payments on slaughter cattle. The government expects hog prices to remain at ceilings except for a possible temporary decline when marketings reach a seasonal peak in December or January.

Ample supplies of turkeys are forecast for the coming holiday season. The 1945 turkey crop is roughly one-fifth larger than last year's production and restrictions have been removed from turkey marketing.

As a result of high yields on reduced acreage, the United States has a potato crop 15 percent above the ten-year prewar average. Military needs are reduced, and potato growers in Maine were receiving about two-thirds of parity for their crop. Growers demanded relief, and the government has purchased several million bushels of potatoes to get them off the market and is offering nonrecourse loans at 90 percent of parity to growers who will store the potatoes.

Egg production is about 35 percent above prewar. Cancellation of military and lend-lease contracts has reduced demand by about 12 percent. With larger meat supplies in prospect, consumers will eat fewer eggs. As a result of this heavy production and decline of demand, some plan will have to be worked out to support egg prices next spring and some means found of disposing of the anticipated surplus.

A study by life insurance companies disclosed that the American farmer has emerged from the war period with nearly $2.00 in financial assets for every $1.00 owed. At the start of 1945, assets in the form of demand and time deposits, currency, U. S. savings bonds, crop receipts and investments in cooperatives totaled about 17 billion dollars, but total debts were only about nine billion dollars. At the beginning of 1940, assets were about 5 1/4 billion dollars and debts of the rural population were about 10 billion dollars.

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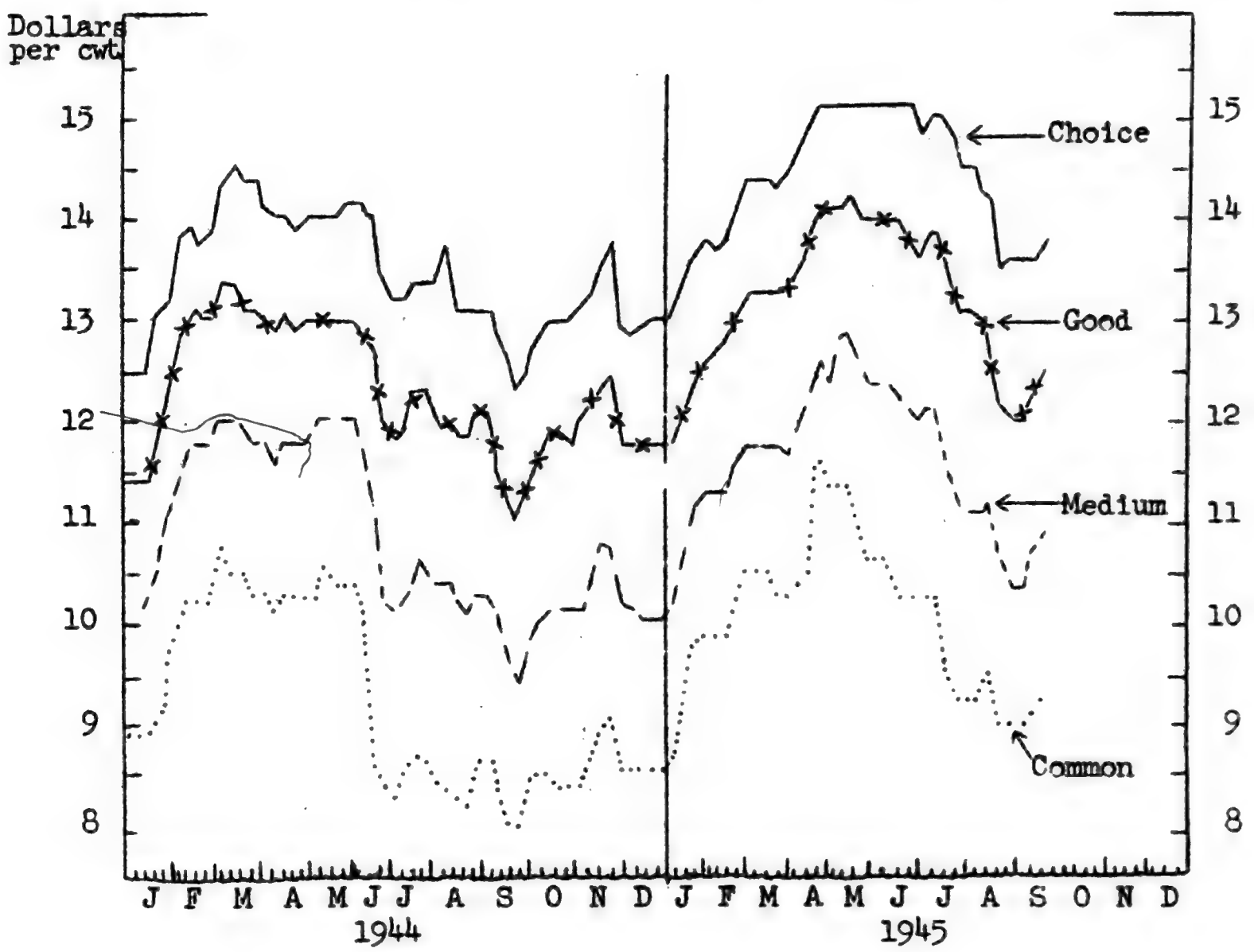
CATTLE FEEDING SITUATION

By L. F. Stice, Extension Marketing Specialist

Declining receipts and higher feeder cattle prices are the recent developments in the cattle feeding situation. Cattle receipts at the 12 principal markets for the week ending October 5 were 8 percent below the previous week. Feeder cattle prices advanced after the middle of September somewhat similarly to the pattern followed in 1944 (see chart). While receipts of gross cattle will continue large during the next few weeks, it is my opinion that feeder cattle prices are not likely to show a general decline. In September 20 percent fewer stocker and feeder steers were sold at the four principal markets than a year earlier, with the greatest reductions in steers weighing over 1,000 pounds and under 700 pounds.

WEEKLY AVERAGE PRICES OF FEEDER STEERS, BY GRADES, KANSAS CITY, 1944 TO DATE



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared October 11)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday October 10, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.80 1/2**	$ 1.77 3/4**	$1.77 5/8	$1.73 5/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.16 7/8
Oats (No. 2 white)	.71 1/4	.70**	.67 1/4	.65
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.36-.39	.36-.38		
Hogs (top price paid)	14.85*	14.75*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, October 6	12.0	12.3		

*Ceiling prices.
**Nominal. No cash sales.

Cash wheat and corn bring ceiling prices. Corn has been scarce, but an active trade is reported for new corn for deferred shipment. With corn at the ceiling, a great deal of interest has been shown in oats during the past few weeks, and oats prices have risen considerably. The strength in wheat prices has been maintained by the strong demand from millers, distillers, and for export and by the inflationary implications of the Pace Bill. If the Pace Bill becomes a law, parity and support prices will be raised substantially.

The hog price ceilings at Chicago and other markets were raised during the past week. New ceilings at Chicago are $14.85 and $14.10. The demand is so strong that all hogs sell at the new ceiling prices. Feeder cattle prices have also risen during the past two weeks. In a special section of this report, Professor Stice shows the movement of feeder cattle prices. Market analysts point out that the market for stocker and feeder cattle was strengthened by the excessive September rainfall followed by cold weather in the corn belt and by frosts which prevented the maturity of much of the late-planted corn. However, the October 1 crop report forecasts a corn crop in excess of three billion bushels. Apparently many farmers who were waiting for lower prices on replacement cattle have decided to get into the market even though prices of feeder cattle are rising counter to the normal seasonal trend. On the other hand, slaughterers are not bidding as competitively for medium grade steers as they were several months ago. One of the uncertainties in the outlook for cattle feeding is the possibility of the withdrawal of subsidy payments on slaughter cattle, including the 50-cent payment to producers and the payments to slaughterers which range up to $3.00 per 100 pounds.

The government expects hog prices to remain at ceilings except for a possible temporary decline when marketings reach a seasonal peak in December or January. Government payments on slaughter lambs will be increased seasonally; hence feeder lamb prices may rise more than seasonally this winter. Prices of grain-fed cattle are expected to remain near present high levels, but large marketings of grass cattle are anticipated; canned beef requirements are lower than last year, and the government expects lower grade cattle to be priced considerably lower than during the same period last year.

Turkey supplies are ample. Ample supplies of turkeys for both the armed forces and civilians are forecast for the coming holiday season by the United States Department of Agriculture. The 1945 turkey crop is roughly one-fifth larger than last year's production. Civilians are expected to have more turkey this year than in the record year of 1942. All restrictions have been removed from turkey marketing. An officer of a national chain store indicated that we would not only have plenty of turkey but that cranberries, nuts, onions, squash, citrus fruits, sweet potatoes, celery, pumpkin and whipping cream would also be available in ample quantities. Mincemeat is the only holiday item likely to be in short supply.

The feed situation. The domestic supply of feed grains, including carry-over, was expected to be about five million tons larger than last year. This figure may be modified slightly because of the failure of some late-planted corn to mature. However, such an increase would be about offset by reductions in the quantities of wheat and rye to be fed and the quantity of oats and barley imported. The government expects prices of feed grains to average somewhat lower in 1945-46 than in 1944-45. Supplies of by-product feeds during the coming feeding season are expected to be about as large per unit of livestock as the record quantity available during 1944-45. Supplies of oilseed cake and meal and animal protein feed are expected to be slightly larger. Although abundant pasture and forage have been available this summer in practically all areas, the demand for feed, particularly high protein feeds and corn, continued unusually strong during September, as in previous months this year. This demand was sustained by heavy feeding. It is expected that egg prices will decline during late winter, and this may affect the demand for poultry feed. Production and carry-over stocks of grain in Canada are smaller this year than last. Therefore, shipments of grain to the United States during 1945-46 will be materially smaller than in any of the past three seasons.

The world corn production in 1945-46 is estimated to be 2 percent less than in the previous year but 11 percent greater than the prewar average. Smaller crops than in 1945 are reported in North America, Europe and Asia. Larger harvests are expected in the Southern Hemisphere, but they will be too late to provide supplies for export to deficiency areas before next June.

Government set-asides reduced. All government set-asides on canned fruits and vegetables, except tomatoes, have been terminated, and tomato packers will be required to reserve only 16 percent of an average base pack instead of 36 percent for the government. For the 1945-46 marketing period, civilians may expect 250 million cases of canned vegetables compared with 205 million cases last year and 44 million cases of canned fruits and fruit juices, not including citrus, compared with 33 million a year ago. All set-asides of dried beans for military and other government purchases have been suspended indefinitely. Although this year's crop of dried beans was about 750,000 bags (100 pounds each) smaller than last year, the total supply, including carry-over available for civilians, will be about the same as in 1944-45. Prices to producers are being supported by government purchases and agreements with the trade to pay producers support prices.

More shortening. An emergency allocation has been made which provides for a 4 percent increase in the quota of fats and oils for use in shortening and cooking and salad oils for the calendar quarter beginning October 1. The previously established quota was 88 percent of average use in the base period 1940-41. The margarine quota was left unchanged at 95 percent of 1944 usage.

Food allocations for overseas. The main items in the fourth-quota overseas food allocations are meat, wheat, wheat flour, dried milk, small amounts of lard, eggs and considerable cheese. The United Kingdom will receive by far the greatest amount of almost all these foods. Some will go to the Netherlands, Belgium, North Africa and France. A small amount of wheat will go to Italy. A considerable fraction of the shipments will go to the United Nations Relief and Rehabilitation Administration for distribution. The amount of food being sent will not be anywhere near what the countries ask for and will barely provide for a minimum standard diet if channeled into consumer hands in the most effective manner, according to the United States Department of Agriculture. Part of this food will be items turned back by the army, and the UNRRA will also receive unused army rations for relief distribution.

Potatoes in surplus; eggs next. As a result of high yields on reduced acreage, the United States has a potato crop 15 percent above the ten-year prewar average. Military needs are reduced, and potato growers in Maine were receiving about two-thirds of parity for their crop. Growers demanded relief and the government has purchased several million bushels of potatoes to get them off the market and is offering nonrecourse loans at 90 percent of parity to growers who will store the potatoes. Inasmuch as prices are not expected to rise substantially between now and next April, government officials expect to buy about 60 million bushels. The outlet for this surplus seems to be through schools and public institutions and through sales at reduced prices to starch factories, canners and distillers.

Egg production is about 35 percent above prewar. Cancellation of military and lend-lease contracts has reduced demand by about 12 percent. With larger meat supplies in prospect, consumers will eat fewer eggs. As a result of this heavy production and decline of demand, some plan will have to be worked out to support egg prices next spring and some means found of disposing of the anticipated surplus. Even with prices at 90 percent of parity, production probably will be maintained at a high level. Feed supplies probably will be plentiful.

Farmers in good financial position. A study by life insurance companies disclosed that the American farmer has emerged from the war period with nearly $2.00 in financial assets for every $1.00 owed. At the beginning of 1940 assets were 5 1/4 billion dollars, but total debts of the rural population were approximately 10 billion dollars. At the start of 1945, assets in the form of demand and time deposits, currency, U. S. savings bonds, crop receipts and investments in cooperatives totaled about 17 billion dollars, but total debts were only about nine billion dollars. At the beginning of 1940, assets were about 5 1/4 billion dollars and debts of the rural population were about 10 billion dollars.

Snowball or merry-go-round? The present maneuvering for higher wages by organized labor and higher prices for agricultural products lead one to wonder what the outcome will be. Plans for higher wages on the part of labor seem to justify plans for higher prices for the products of that labor and also for farm products. Therefore,

we have the Pace Bill being given approval by the House Agricultural Committee. The Pace Bill includes labor costs in the parity formula and would raise parity prices very substantially. Any increase in the cost of food would be used by organized labor as a basis for claims for further increases in wages, and so on. If this kept up indefinitely, it would resemble our childhood sport of rolling snowballs until they became unmanageable. Eventually they melted and disappeared. It might be possible to raise both wages and prices to some given level and try to keep the machinery oiled and in repair so that there would not be a breakdown—a sort of merry-go-round.

The whole difficulty seems to be that we all think of ourselves as producers and forget that we are consumers. We forget that any advantage we receive as producers is eventually canceled by similar advantages being given to other groups of producers and that we lose as consumers what we gained as producers. In the field of agriculture there is a tendency for higher prices to make people believe that the opportunities for profit are much greater; therefore they bid up the price of farm land. Mortgage debt, taxes and operating costs are likely to rise with increased prices, and many farmers find themselves in more unfavorable financial positions than they were before the rise in prices took place. Some day we may learn that what we want is more food, clothing, automobiles and other goods and services rather than just more counters to be used in exchanging a limited quantity of goods and services with one another.

At the present time it is entirely possible that costs of construction may rise so fast that the much-needed increase in employment in that industry will be prevented. It is reported that the present national administration aims to raise the national income by 50 percent. That would, of course, be measured in dollars. The chief advantage of raising the national income in dollars is to make it easier to pay off our enormous federal debt. It is to be hoped that in planning for this increase in dollar income we shall neither attempt to raise prices by way of the scarcity route nor develop such an inflation that a devastating collapse becomes inevitable.

GLJ:wd
10/11/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared October 18) 1945

Grain prices rose to a new high level followed by some reaction in prices of futures. Currently offers are being made for corn at ceiling prices plus all permissible charges for corn shipped as far ahead as next February. However, as more corn comes to market, the demand for other grains may decline somewhat. The October 1 report of stocks of grain on farms shows that feeding of corn was heavy in the July-through-September period. The corn was fed to an increased number of hogs and poultry, and hogs were fed to heavier weights. The large livestock population and the favorable hog-corn feeding ratio will sustain the demand for corn for many months

A surplus of turkeys is in prospect this fall as the result of reduced army requirements.

A speaker at the meeting of the Grain and Feed Dealers' National Association told the group last week that American farmers are going to produce so much grain in peacetime that converting it to alcohol will be the only means of avoiding disastrous surpluses. He said that better farming methods, including the replacement of 12 million horses and mules by two million tractors, means that in 1950 the United States can produce as much corn as in 1944 on 38 million fewer acres.

Based on the October 1 government estimate, the aggregate total crop production will probably equal that of the exceptionally favorable years of 1942 and 1944 and will exceed the production in the big year 1943 by about 6 percent. Food grain production is the largest and feed grain production the second largest on record. Record crops are expected for wheat, oats, rice, soybeans, peanuts, tobacco, peaches, pears, early and midseason oranges, grapefruit, almonds, hops and truck crops for market. Near-record crops are in prospect for hay, potatoes, flaxseed, sugar cane, grapes, corn and sorghum grain. Milk production promises to establish a new record.

For the month of August 1945 the hog-corn ratio for the U. S. was 8 percent above the long-time August average. The butterfat-feed ratio was up 17 percent, the milk-feed ratio up 12 percent and the egg-feed ratio up 16 percent.

Developments in the cattle feeding situation to early October indicated that the volume of cattle fed during the coming winter feeding season may be little different from that of the winter season of 1944-45. Indications point to an increase in the eastern corn belt, a decrease in the Great Plains area from Kansas to Texas and little change in the far-western states. A large supply of feeder cattle may be available to meet the increased demand resulting from relatively large supplies of soft corn.

The early October report indicates that the number of lambs and sheep to be fed for the coming winter and spring market will be less than the number fed a year earlier. Feeding is expected to be on a larger scale in the eastern corn belt but will be reduced in the western corn belt and in the western states.

Farm wage rates October 1 were 345 percent of the 1910-14 average. Wage rates were generally the same or higher than on July 1 in all but the southern states.

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IMPORTANCE OF EFFICIENCY IN CATTLE FEEDING

By L. F. Stice, Extension Marketing Specialist

Recently M. L. Mosher and F. J. Reiss of this department released a report on the cattle feeding projects of farmers in the Farm Bureau Farm Management Service. One of the significant facts brought out in this report was that for the feeding period of 1943 and 1944 feeding efficiency was the most important factor in causing variations in cattle feeding profits. Some droves of cattle returned low profits because of high feed costs, although the spread between the purchase and selling prices was as much as $4.00 to $5.00 per hundredweight.

Some of the differences in costs of gains for similar kinds of cattle are shown by the data below on several droves of cattle marketed during the first half of 1945. According to these records, the costs of putting on 100 pounds of gain varied from $15.86 to $32.78 for 14 droves of good and choice steers, from $15.55 to $30.02 for 10 droves of common to medium steers and from $14.97 to $22.80 for lighter weight common to medium steers.

Number of droves	Kind and weight of cattle when bought	Feed costs per 100 lb. gain		
		Low	High	Average
14	Good-choice steers 751 lb. & over	$15.86	$32.78	$23.07
10	Common-medium steers 751 lb. & over	15.55	30.02	20.84
4	Common-medium steers 501-750 lb.	14.97	22.80	18.36

These data illustrate the importance of improved feeding practices and the adaptation of feeding programs to available feed supplies and changing market conditions. Under the present price program, emphasis is placed on the marketing of cattle and at not too high a finish. The removal of price ceilings on beef and subsidies to slaughterers could change this situation for cattle marketed in the latter half of 1946.

LFS:MD
10/15/45

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared October 18)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday October 17, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.80 1/2**	$ 1.80 1/2**	$1.76 7/8	$1.77 5/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/4	1.18 1/2*
Oats (No. 2 white)	.69 1/2	.71 1/4	.65 7/8	.67 1/4
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.39-.41 1/2	.36-.39		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, October 13	12.4	12.0		

*Ceiling prices.
**Nominal. No cash sales.

Grain prices rose to a new high level followed by some reaction in prices of futures. Cash grain prices remained strong, with all grains in strong demand. The recent spell of good drying weather has been very favorable to the corn crop. The trade is of the opinion that the soft corn will be fed on farms and that more good corn will come to market than last year. Currently offers are being made for corn at ceiling prices plus all permissible charges for corn shipped as far ahead as next February. However, as more corn comes to market, the demand for other grains may decline somewhat.

In view of the extremely large crops of wheat and other grains this year, the probability of exports will be one of the principal determining factors affecting prices. At the present time the government is paying ceiling prices for wheat, and all other buyers are obliged to do the same. Most of the exports of grain have been from government-owned stocks. The UNRRA has indicated that purchases of one million sacks of flour will be made in the United States for November shipment, if funds are made available.

The October 1 report of stocks of grain on farms shows that feeding of corn was heavy in the July-through-September period. Corn disappearance was 86 million bushels more than for the corresponding period last year. The corn was fed to an increased number of hogs and poultry, and hogs were fed to heavier weights. The large livestock population and the favorable hog-corn feeding ratio will sustain the demand for corn for many months.

A surplus of turkeys is in prospect this fall as a result of reduced army requirements.

Surplus grain forecast for years ahead. A speaker at the meeting of the Grain and Feed Dealers' National Association told the group last week that American farmers are going to produce so much grain in peacetime that converting it to alcohol will be the only means of avoiding disastrous surpluses. He said that better farming methods, including the replacement of 12 million horses and mules by two million tractors, means that in 1950 the United States can produce as much corn as in 1944 on 38 million fewer acres. He estimates that the known uses for alcohol in plastics and synthetic rubber could easily account for more than 200 million bushels of our surplus grain. He believes that it will be impossible to export grain surpluses because other countries will build up barriers against incoming grain in order to protect their own farming industry.

October 1 crop report. Although prospects for some crops were lower in September as a result of wet weather, some drouth, extremes in temperatures and early frosts, national crop prospects declined only slightly. Based on the October 1 government estimate, the aggregate total crop production will probably equal that of the exceptionally favorable years of 1942 and 1944 and will exceed the production in the big year 1943 by about 6 percent. Food grain production is the largest and feed grain production the second largest on record. The corn forecast at 3,078 million bushels was about the same as on September 1. Prospects declined slightly for soybeans. September was favorable for pastures and for milk and egg production. Record crops are expected for wheat, oats, rice, soybeans, peanuts, tobacco, peaches, pears, early and midseason oranges, grapefruit, almonds, hops and truck crops for market. Near-record crops are in prospect for hay, potatoes, flaxseed, sugar cane, grapes, corn and sorghum grain. Total farm production of livestock and livestock products in 1945 seems to be about the same as the aggregate volume produced last year, but about 5 percent below the all-time high in 1943. Production is expected to be the second or third largest volume on record. Milk production promises to establish a new record. The Illinois situation agrees closely with the national report. The yield of tame hay in Illinois is expected to be a 60-year record high, and oats appear to have equaled the all-time high established in 1940.

Livestock-feed ratios and production comparisons. For the month of August 1945, the hog-corn ratio for the U. S. was 8 percent above the long-time August average. The butterfat-feed ratio was up 17 percent, the milk-feed ratio up 12 percent and the egg-feed ratio up 16 percent. For the seven months January to July, inclusive, of this year, milk production exceeded last year's production for the same months by 4 percent. Egg production was down 5 percent, beef production up 9 percent, lamb and mutton production up 11 percent, pork and lard production down 43 percent and the production of all meats down 25 percent.

Cattle feeding situation. According to a government release dated October 12, developments in the cattle feeding situation to early October indicated that the volume of cattle fed during the coming winter feeding season may be little different from that of the winter season of 1944-45. Considerable variation may take place among regions compared to last year. Present indications point to an increase in the eastern corn belt, a decrease in the Great Plains areas from Kansas to Texas and little change in the far-western states. Movement of grass cattle from the Northern Plains and Rocky Mountain States during the three months July to September was much smaller this year than last. A heavy movement from that area during the present quarter is probable. There may be a large supply of feeder cattle available to meet the increased demand resulting from relatively large supplies of soft corn.

Lamb feeding situation. The early October report indicates that the number of lambs and sheep to be fed for the coming winter and spring market will be less than the number fed a year earlier. Feeding is expected to be on a larger scale in the eastern corn belt but will be reduced in the western corn belt and in the western states. The development of wheat pastures in western Kansas will influence the number of lambs fed in the western corn belt. Up to October 1 the development of wheat pastures in the Southern Plains Region was much behind a year earlier, and prospects were that such pastures for winter grazing would be decidedly inferior to the unusually good pastures of a year earlier.

Cold storage holdings October 1. Meat stocks in cold storage warehouses and meat packing plants were materially smaller October 1 than a month earlier, according to the U.S.D.A. Compared to October 1, 1944, beef holdings were up 60 million pounds, but pork holdings were down 146 million pounds and lard holdings were only 59 million pounds compared to 168 million pounds last year. Present holdings represent only about one-third of the October 1 five-year average (1940-44) holdings of lard. Holdings of frozen poultry were down 31 million pounds. Turkeys are normally withdrawn from storage during September but this year showed a heavy inmovement.

Sugar, honey and potatoes. We are accustomed to considering honey as a substitute for sugar, but it is unusual to put potatoes in the same category. This year, however, it is expected that surplus potatoes may be used for the manufacture of glucose sugar in addition to being used for butyl alcohol, motor fuel and anti-freeze solutions. If surplus potatoes are used for the production of glucose, this might help to relieve the sugar shortage a little. About 15 pounds of glucose syrup, equivalent to seven or eight pounds of sugar, can be produced from 100 pounds of potatoes. This does not mean, of course, that potatoes can compete on a price basis with imported sugar. It is a salvage proposition.

The honey crop this year is estimated at about 226 million pounds. This is 20 percent above last year's production. Production per colony is the highest since 1921. The demand from consumers and local retailers has been very heavy, forcing commercial users to scour the country for badly needed supplies.

The farm labor situation. Farm employment on October 1 was 7 percent lower than a year ago. Most of this reduction was due to the decline of about 9 percent in the South, caused by a decrease of about 2 1/2 million bales in the quantity of cotton to be picked. Wage rates were 345 percent of the 1910-14 average on October 1, compared with the record 351 percent on July 1. This decline was also caused by developments in the southern states, where a heavy percentage of the hired workers are employed in the fall and wage rates are lower than in other parts of the country. In other sections of the country, wage rates were generally the same as or higher than on July 1.

GLJ:WD
10/18/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared October 25) 1945

Hog prices remained at the ceiling even though there was a slight seasonal expansion in receipts, which is a normal development. This moderate expansion is expected to continue through November with a rather sizable increase in December. The heavier marketings are expected to show up during the first quarter of 1946. Cattle prices have remained strong throughout the week with a slight weakening at the end. All grain prices continued strong.

The government has announced a lowered hog price support program for the year beginning October 1, 1946. The new support program assures farmers of a yearly average of $12 a hundredweight with a system of weekly price variations. The present $13 a hundredweight flat price guarantee has been extended from September 1, 1946, to October 1, 1946. At the time of announcing the new hog support price program, Clinton P. Anderson, Secretary of Agriculture, called for a 1946 spring crop of 52 million hogs, practically the same as that produced in the spring of 1945.

If the current preliminary goals discussions of the United States Department of Agriculture officials are any criterion, next year's soybean acreage goal will fall between nine and 10 million acres, and the price support will come between $1.70 and $1.75 a bushel. There is about 31 cents a bushel subsidy, on the average, in the present $2.04 price support on soybeans. The fats and oils branch of the new Production and Marketing Administration would like to lower the price support enough to remove this subsidy. Soybean parity on September 15 was $1.67 a bushel, making the postwar mandatory support, as of that date, $1.50 a bushel.

Demand and supply factors for dairy products, except butter, in 1946 are expected to be fairly well in balance at prices for whole milk somewhat lower than in 1945. The supply of milk fat available for butter, however, is expected to be short of demand. Military purchases of dairy products in 1946 will be one-half to two-thirds less than in the past two years. Export demand in 1946 will be weaker than in 1945, even if large credits are granted to foreign countries.

The retail ceiling price of butter will be boosted 5 to 6 cents a pound November 8. John C. Collet, Stabilization Director, made this announcement in withdrawing a wartime subsidy of 5 cents a pound paid to butter processors effective October 31.

Production of fertilizer during World War II rose from 7 1/2 million tons in 1939 to 12 million in 1944. Domestic capacity for production of nitrogen materials is now far in excess of normal requirements. Supplies of sulphuric acid should now be plentiful for the manufacture of superphosphate. Potash supplies will be sufficient to meet all domestic requirements that can be anticipated, but probably little if any will be available for export. Only the higher analysis grades may be available for purchase. These higher grades may cost more per ton, but the price per unit of plant food will generally be lower.

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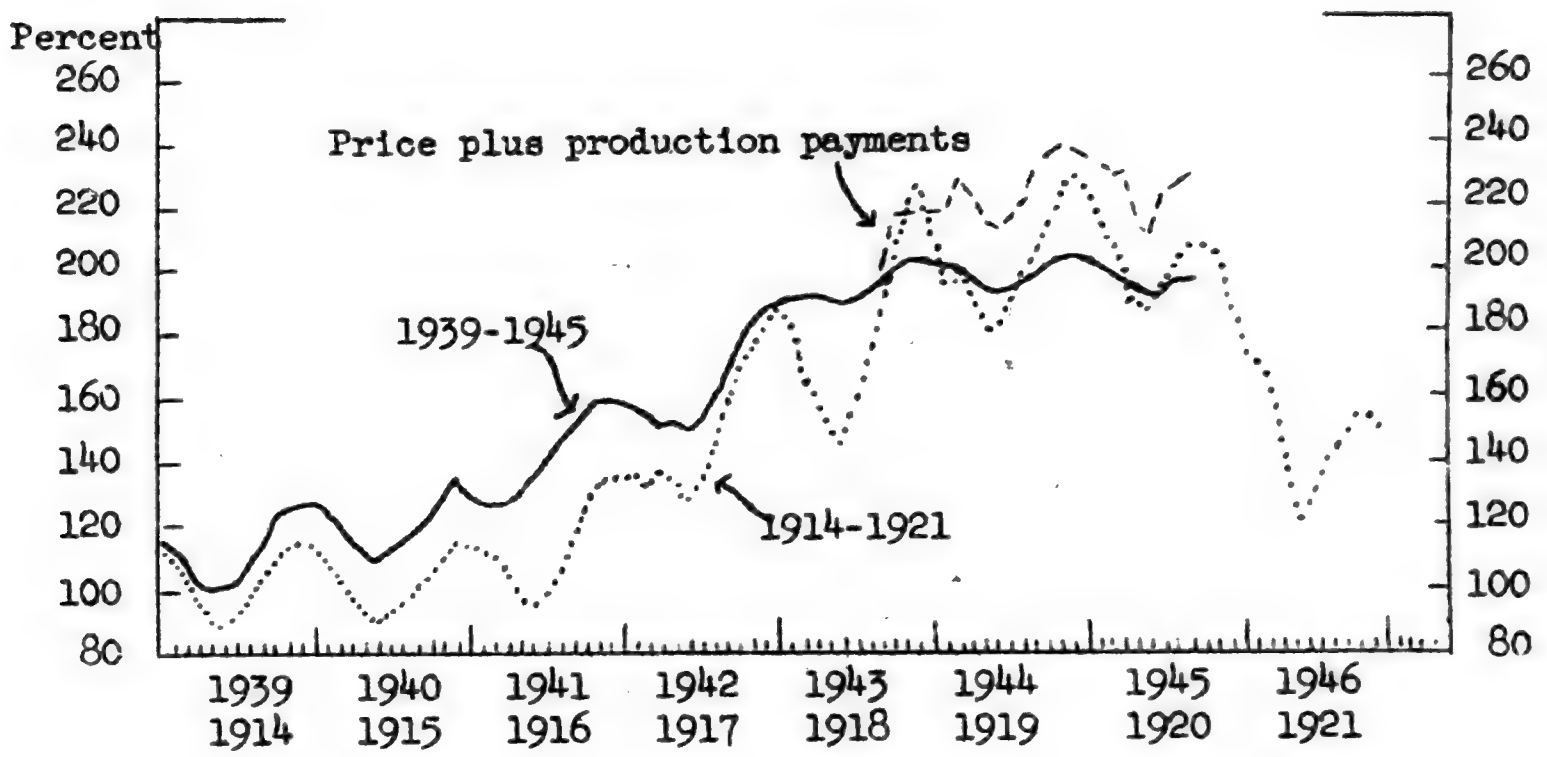
THE OUTLOOK FOR DAIRY PRODUCTS IN 1946
By L. F. Stice, Extension Marketing Specialist

Thus far in the World War II period unit returns (prices plus government incentive payments) have been consistently higher than in World War I (see chart). Returns to farmers for dairy products in 1946 are expected to be moderately lower than in 1944 and 1945, but there is no indication of such a sharp decline as occurred in 1921. Both military and export demands will be reduced, but milk production is also expected to be lower than in 1945.

The actual level of returns to dairy producers in 1946 will depend partly upon government action with respect to subsidies and price ceilings. Dairy production payments have been announced through March 1946, and funds for both production payments and processor subsidies have been provided through June 1946. The expiration date of price ceilings has not been announced, but their removal will likely result in price declines for whole milk and some increase in butterfat prices. At present price ceilings, supplies of butter will continue to be short of demand, while supplies of manufactured whole milk products will be adequate to meet a declining demand.

PRICES RECEIVED BY FARMERS FOR DAIRY PRODUCTS, U.S., BY MONTHS, 1914-1921 AND 1939-1945 (Index numbers, 1910-1914=100)



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared October 25)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday October 24, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.75 7/8	$1.76 7/8
Corn (No. 2 yellow)	1.18 1/2	1.18 1/2**	1.18	1.18 1/4
Oats (No. 2 white)	.67 3/4-.68 1/4	.69 1/2	.64 1/2	.65 7/8
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.41-.436	.39-.41 1/2		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, October 20	12.5	12.4		

*Ceiling prices.
**Nominal. No cash sales.

Hog prices remained at the ceiling even though there was a slight seasonal expansion in receipts, which is a normal development. This moderate expansion is expected to continue through November with a rather sizable increase in December. The heavier marketings are expected to show up during the first quarter of 1946. Cattle prices have remained strong throughout the week with a slight weakening at the end. All grain prices continued strong.

New hog support program. The government has announced a lowered hog price support program for the year beginning October 1, 1946. The new support program assures farmers of a yearly average of $12 a hundredweight with a system of weekly price variations. The present $13 a hundredweight flat price guarantee has been extended from September 1, 1946, to October 1, 1946. At the time of announcing the new hog support price program, Clinton P. Anderson, Secretary of Agriculture, called for a 1946 spring crop of 52 million hogs, practically the same as that produced in the spring of 1945.

Current estimates of 1946 and 1947 national incomes indicate that farmers may expect hog prices for the 1946 spring pig crop to be above support price levels if production approximately equals the goals, and marketings are reasonably well distributed throughout the marketing season, Department of Agriculture officials stated. The new pig crop goal is expected to furnish about 150 pounds of meat per person for the year beginning October 1, 1946. This would be about the same as for the last quarter of 1945.

The new schedule of hog price support at Chicago is as follows: Week ending October 5, 1946, $12.75; October 12, $12.50; October 19, $12.25; October 26, $12; November 2, $11.75; November 9, $11.50; November 16, $11.25; November 23, $11; November 30, $10.75; December 7, 14, and 28, $10.75; January 4, 1947, $10.75; January 11, $11; January 18 and 28, $11.25; February 1, $11.50; February 8 and 15, $11.75; February 22, $12; March 1, $12; March 8, 15, 22, and 29, $12.25; April 5, $12.25; April 12, 19, and 26, $12; May 3, 10, 17, 24, 31, June 7, June 14, and June 21, $11.75; June 28, $12; July 5, $12.25; July 12, $12.50; July 19, $12.75; July 26, $13; August 2, 9, 16, 23, and 30, $13; September 6, 13, 20, and 27, $13.25.

1946 soybean goals. If the current preliminary goals discussions of United States Department of Agriculture officials are any criterion, next year's soybean acreage goal will fall between nine and 10 million acres, and the price support will come between $1.70 and $1.75 a bushel. This is the way the 1946 soybean program is now shaping up:

Three main arguments are put forward on the side of somewhat lower soybean acreage and a cut in price support for next year:

(1) The expectation of a considerable volume of South Pacific oils coming into the U. S. by the time next year's soybean crop is crushed. (2) Estimates that 1946 cottonseed production will considerably exceed this year's output--1.1 billion pounds of cottonseed oil. (3) Desire of the administration to shave price support expenditures as closely as possible.

There is about 31 cents a bushel subsidy, on the average, in the present $2.04 price support on soybeans. The fats and oils branch of the new Production and Marketing Administration would like to lower the price support enough to remove this subsidy. If finally approved, this would bring next year's soybean price down to around $1.73 a bushel.

Three principal arguments are advanced on the other side in support of a higher price level for soybeans than is now indicated: (1) Historically, it takes a price ratio of approximately 2 to 1 in favor of soybeans over corn to attract an acreage in the neighborhood of 10 million acres. (2) Should the parity price level, as some economists predict, go up several points next year due to an increase in the cost of things farmers have to buy, it would throw the price ratio between corn and soybeans farther out of line. Soybean parity on September 15 was $1.67 a bushel, making the postwar mandatory support, as of that date, $1.50 a bushel.

The dairy situation. Demand and support factors for dairy products, except butter, in 1946 are expected to be fairly well in balance at prices for whole milk somewhat lower than in 1945. If supplies are freely available, it is expected that civilians will purchase approximately 118 billion pounds of dairy products on a milk equivalent basis. The supply of milk fat available for butter, however, is expected to be short of demand. Military purchases of dairy products in 1946 will be one-half to two-thirds less than in the past two years. This will not be reflected in a substantial net reduction in demand, since demobilization of military personnel will add to civilian requirements. Export demand in 1946 will be weaker than in 1945, even if large credits are granted to foreign countries. A considerable amount of lend-lease shipments during the war was used by the military forces of our allies. Exports of dairy products in 1947 probably will be negligible compared with total supplies of dairy products.

Milk production on Illinois farms continued at record levels during September and amounted to 467 million pounds. This total compares with 438 million pounds a year earlier and a ten-year average for September production of 408 million pounds. In the first nine months of 1945, milk production totaled 4.6 billion pounds, which is 8 percent more than was produced during the same period of 1944.

Price ceilings. The retail ceiling price of butter will be boosted 5 to 6 cents a pound November 8. John C. Collet, Stabilization Director, made this announcement in withdrawing a wartime subsidy of 5 cents a pound paid to butter processors effective October 31.

Farmer's share of the consumer's dollar. The farmer's share of the consumer's dollar spent for farm food products was 54 cents in August 1945. The share has remained at 54 cents for all of 1945 except May, when it dropped to 53 cents, and the record matching high of 55 cents in January. May 1945 was one of the few months for which both the farmer's share and the marketing charges as percentage of retail cost exceeded 50 percent. In that month the farmer's share was 53 cents, while marketing charges were 51 percent of the retail cost of the market basket. These total 104 percent. The excess over 100 percent is accounted for by the government payments to marketing agencies.

Illinois fruit report. Prospects for the Illinois commercial apple crop are for a harvest of 2,623,000 bushels. Last year's crop totaled 2,418,000 bushels, and the 1934-43 average was 3,162,000 bushels. The supply of late varieties in Illinois is unusually short this year.

Harvesting and marketing of the 1,638,000-bushel peach crop encountered considerable difficulty during the peak season. The following table shows reported percentages and prices to growers by grades for all sales:

	1944	1945	
Grade	Percent	Percent	Price
2-inch minimum	46	56	$3.08
1 3/4-inch minimum	24	19	2.29
Orchard run--unclassified	30	25	1.82

The preliminary estimated average price per bushel received by growers in 1945 is $2.65 compared with $3.05 for the 1,470,000 bushels harvested in 1944.

Poultry and egg production. U. S. farm flocks laid 3,422,000,000 eggs in September--3 percent less than in September 1944, but 37 percent above the 10-year (1934-43) average. September egg production was below that of last year in all parts of the country except the South Atlantic States, where it equaled the record high of last year. Egg production during the first nine months of this year was 5 percent less than during the same period last year, but 36 percent above the 10-year average. The nine-months' production was below that of last year in all regions of the country.

Prices received by farmers for eggs in mid-September averaged 39.6 cents a dozen, compared with 35.4 a year ago and 26.9 cents for the 10-year (1934-43) average.

This is the only time in 36 years of record that the U. S. average egg price has dropped during the month ending September 15. The 16 percent drop in egg prices during the month in the West North-Central States, Illinois, Wisconsin and Oklahoma, combined, was more than enough to offset the seasonal increase in all other states.

Chicken prices averaged 27.5 cents a pound live weight on September 15, the highest price of record for the month, compared with 23.7 cents a year ago and 16.4 cents for the 10-year average. Turkey prices in mid-September were the highest for the month in 13 years--33.6 cents a pound live weight, compared with 31.1 cents a year ago and 17.1 cents for the 10-year average.

Illinois farm flocks laid 162 million eggs during September, the second largest number on record for that month. Although that total is 6 percent less than the peak record of 172 million eggs produced a year earlier, it is 34 percent larger than a 10-year average for September. Production during the first nine months of 1945 totaled 2,284,000 eggs, 4 percent less than during the same period in 1944 but 4 percent larger than 1943 and 38 percent greater than the 10-year average, 1933-42.

Fertilizer prospects. Production of fertilizer during World War II rose from 7 1/2 million tons in 1939 to 12 million in 1944. During the period of World War I, production declined from seven million tons in 1914 to five million in 1916 and did not recover its 1914 volume until 1920.

Domestic capacity for production of nitrogen materials is now far in excess of normal requirements. Supplies of sulphuric acid should now be plentiful for the manufacture of superphosphate. Potash supplies will be sufficient to meet all domestic requirements that can be anticipated, but probably little if any will be available for export. Only the higher analysis grades may be available for purchase. These higher grades may cost more per ton, but the price per unit of plant food will generally be lower. Farmers need to understand this fact.

OLW:wd
10/25/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared November 1) 1945

New corn that arrived at Chicago during the week met a ready demand at ceiling prices subject to official discounts for moisture. The lowest moisture test was 21.40. The market for spot oats was steady to firm. Wheat prices have been strong as a result of the continued large use of cash wheat by flour mills plus more liberal movement of wheat into export channels. Heavy movement of wheat has resulted in lower stocks than usual in interior mills, elevators and warehouses and at terminals, but farm stocks are slightly higher than in recent years.

Sales of cattle at the 12 principal markets Monday, October 29, were the second largest of the year. In Chicago approximately 22,000 head were placed on sale, and this was the largest number marketed on any one day since last February. The unloads of cattle at principal Missouri River centers ran better than 60 percent to stockers and feeders. An increased percentage of western grass cattle arrived at Chicago. There has been a recent tendency to pay the $18 ceiling for all kinds of cattle that could possibly be classed good and choice, even though not highly finished. It appears that feeders are trying to meet this minimum quality standard rather than to sell shortfeds which would bring from $15 to $17.25 at this time. In spite of the moderately heavy runs of stocker and feeder cattle, prices remain high. The range cattle marketing season is already past its halfway mark, and with the strong demand from corn-belt feeders it does not seem likely that there will be any substantial decline in feeder cattle prices.

The United States Department of Agriculture estimates that the "returns from sales of meat animals probably will average moderately lower in 1946 than in 1945. The supply of meat in 1946 is likely to be about in balance, with demand at the 1945 level of wholesale and retail prices. If subsidy payments to slaughterers are removed in 1946, some decline in cattle and hog prices is likely to occur. Output of meat in 1946 will continue at or moderately above the 1945 level. Pork production may be moderately greater in 1946 than in 1945 even if market weights of hogs are reduced. However, output of lamb and mutton will be reduced in 1946, reflecting continuation of the pronounced wartime decline in sheep numbers through 1945."

Prices of fats and oils in the United States probably will continue at high levels through 1946 and early 1947, according to the United States Department of Agriculture. If price ceilings are removed in 1946, prices of some fats and oils should advance. It is expected, however, that prices of oilseed meal may be lower in late 1946 and 1947 because of reduction in the demand for high-protein feeds, reflecting a probable decline in returns to poultry and dairy producers. Any reduction in prices of meal would be reflected in lower prices of soybeans and other domestic oilseeds. The prices farmers receive at present for soybeans are approximately 30 cents higher than the oil and meal equivalent value of soybeans. If the processor's subsidy is removed after the 1945 crop contracts are completed, prices to growers would decline by approximately the amount of the subsidy. Soybean acreage and production may decline in 1946 as a result of shifts into hay and pasture. The government suggests that a crop 5 to 10 percent smaller than in 1945 would bring supplies of edible fats and oils into balance with probable demand at 1945 prices.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

THE HOG SITUATION

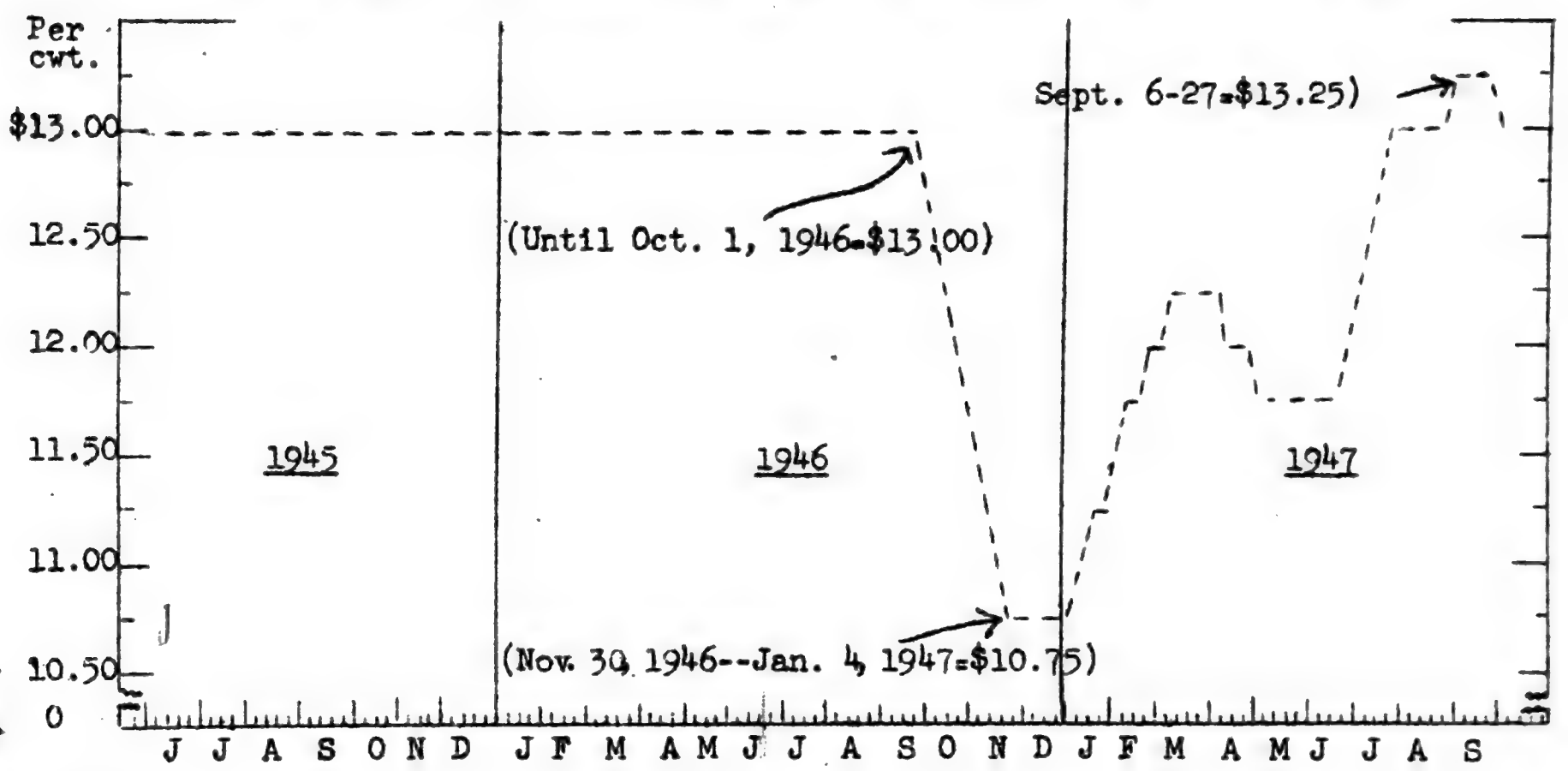
By L. F. Stice, Extension Marketing Specialist

In light of the government's recently announced support price for hogs and the prospective demand for meats, the outlook for hog prices is as follows:

1. Production of spring pigs in Illinois for 1946 should be planned to make the most efficient use of feeds, labor and equipment, and not on the basis of the present demand for pork. The current production of pork is low compared with the demand, but the 1945 U. S. pig crop is estimated to be the third largest on record. The number of spring pigs raised on Illinois farms was about the same in 1945 as in 1944.

2. Although the 1946 spring pig crop may sell above the government support prices, the production of early spring pigs is to be recommended where labor and housing facilities are available. In 1946 beef and pork will come into more active competition with each other, and the support price drops from $13 a hundred pounds on September 30, 1946, to $10.75 a hundred, Chicago basis, the last week in November. The $10.75 price lasts through the first week in January 1947.

SUPPORT PRICE FOR HOGS, CHICAGO, BY WEEKS, MAY 21, 1945, TO SEPTEMBER 30, 1947



10/30/45

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared November 1)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday October 31, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.77 3/8	$1.75 7/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2	1.18 1/4	1.18
Oats (No. 2 white)	.69 1/2**	.67 3/4-.68 1/4	.64 7/8	.64 1/2
Butter (92 score)	.41*	.41*		
Eggs (current receipts)	.41-.446	.41-.436		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, October 27	12.5	12.5		

*Ceiling prices.
**Nominal. No cash sales.

New corn that arrived at Chicago during the week met a ready demand at ceiling prices subject to official discounts for moisture. The lowest moisture test was 21.40. The market for spot oats was steady to firm. Beverage distillers were notified October 26 by the United States Department of Agriculture that they may use low-grade corn and other grains in November in an amount equal to 7 1/2 days mashing capacity for the production of beverage spirits and by-product livestock feed. They are not permitted to buy corn grading No. 1, 2, or 3 for this purpose. The availability of this outlet is expected to facilitate the marketing of soft corn that cannot be stored satisfactorily for later use for feed or food products.

Wheat prices have been strong as a result of the continued large use of cash wheat by flour mills plus more liberal movement of wheat into export channels. Cash wheat prices have been staying close to the ceiling. Heavy movement of wheat has resulted in lower stocks than usual in interior mills, elevators and warehouses and at terminals, but farm stocks are slightly higher than in recent years. Holdings in interior mills, elevators and warehouses are the smallest as of October 1 since 1939. They are about 9 percent lower than a year ago but about one percent larger than the 1935-43 average for October 1.

Sales of cattle at the 12 principal markets Monday, October 29, were the second largest of the year. In Chicago approximately 22,000 head were placed on sale, and this was the largest number marketed on any one day since last February. The movement of hogs continues to show moderate seasonal expansion, but receipts of lambs and sheep continue below arrivals a year ago. The unloads of cattle at principal Missouri River centers ran better than 60 percent to stockers and feeders. An increased

percentage of western grass cattle arrived at Chicago. There has been a recent tendency to pay the $18 ceiling for all kinds of cattle that could possibly be classed good and choice, even though not highly finished. It appears that feeders are trying to meet this minimum quality standard rather than to sell shortfeds which would bring from $15 to $17.25 at this time. In spite of the moderately heavy runs of stocker and feeder cattle, prices remain high. The range cattle marketing season is already past its halfway mark, and with the strong demand from corn-belt feeders it does not seem likely that there will be any substantial decline in feeder cattle prices.

The livestock outlook. The United States Department of Agriculture estimates that the "returns from sales of meat animals probably will average moderately lower in 1946 than in 1945. The supply of meat in 1946 is likely to be about in balance with demand at the 1945 level of wholesale and retail prices. If subsidy payments to slaughterers are removed in 1946, some decline in cattle and hog prices is likely to occur. Output of meat in 1946 will continue at or moderately above the 1945 level. Pork production may be moderately greater in 1946 than in 1945 even if market weights of hogs are reduced. However, output of lamb and mutton will be reduced in 1946, reflecting continuation of the pronounced wartime decline in sheep numbers through 1945."

Soybean prices ceilings suggested. The demand for soybeans is so strong that there is likelihood of an advance in prices beyond the support level. As a result, the Office of Price Administration has warned soybean dealers that if market prices on this year's crop of beans continues to advance, it will immediately apply ceilings. Usually ceilings are not applied until the harvest has been completed in all sections. Market prices of soybeans tend to be below the ceiling prices proposed for the next crop during the harvest season and to reach support prices late in December or early in January.

The fats and oils situation. Prices of fats and oils in the United States probably will continue at high levels through 1946 and early 1947, according to the United States Department of Agriculture. If price ceilings are removed in 1946, prices of some fats and oils should advance. It is expected, however, that prices of oilseed meal may be lower in late 1946 and 1947 because of reduction in the demand for high-protein feeds, reflecting a probable decline in returns to poultry and dairy producers. Any reduction in prices of meal would be reflected in lower prices of soybeans and other domestic oilseeds. The prices farmers receive at present for soybeans are approximately 30 cents higher than the oil and meal equivalent value of soybeans. If the processor's subsidy is removed after the 1945 crop contracts are completed, prices to growers would decline by approximately the amount of the subsidy. Soybean acreage and production may decline in 1946 as a result of shifts into hay and pasture. The government suggests that a crop 5 to 10 percent smaller than in 1945 would bring supplies of edible fats and oils into balance with probable demand at 1945 prices. This would tend to maintain soybean prices at a level moderately above 90 percent of the comparable price. The minimum support price under the "Steagall Amendment" would be about $1.50 a bushel.

Lard prices may decline in mid-1947 as a result of increased competition from lower priced fats (notably tropical oils and whale oil) in European markets. A decline in lard prices would tend to depress prices of other fats and oils in the United States, but no major decline in fats and oils prices is likely in 1947 unless a general business recession occurs. Some increases in imports of fats and oils are likely in 1946.

The November allocation of fats and oils for civilians indicates a supply of creamery butter 12 percent greater than October, a 3.4 percent reduction in margarine, shortening and oils up 7.9 percent, and lard up 39.2 percent. The easing of the supply of fats has made it possible to reduce the point values for all fats and oils to 8.

The export outlet. A House Committee has recommended a new 550 million dollar fund for the United Nations Relief program. This suggests that more money may be available to that organization for the purchase of food supplies for shipment abroad. Large shipments of grain and flour have been the chief basis for the strength in the wheat market for several weeks, and this additional appropriation, if made, would add further support to wheat prices. This does not mean that wheat prices would make any further spectacular rise, but at least increased exports would tend to offset the depressing effect of very large supplies on the domestic market.

Agriculture's share of the national income. We are reproducing some data prepared by the United States Department of Commerce and released in the October issue of Domestic Commerce. The object is to point out the interest of agriculture in a high national income.

In periods of depression, agriculture suffers both in actual income and in the share of the national income. For example, if we may assume that the distribution of the national income between the various industrial divisions was fair in 1937 when agriculture received 8.6 percent of the national income, agricultural income in 1933 was 18 percent below the amount necessary to represent a fair share that year. In 1933 it was 7.1 percent of the national income. However, during the wartime prosperity of 1943, agriculture received 9.1 percent of the national income, or a larger fraction than it received in 1937 (see Table 1). Part of the punishment that agriculture takes in depression periods is caused by the fact that marketing costs do not decline as rapidly as consumer buying power during depressions. As indicated in the right-hand column of Table 2, a reversal to the 1937 distribution of national income would cause some substantial shifts. Agriculture would receive a slightly smaller fraction as would manufacturing, contract construction and government. All other divisions would receive a larger fraction.

In Table 3 the Department of Commerce gives an estimate of the increases from the 1940 level that probably would go to each industrial group if the gross national output were to rise to 200 billion dollars in 1950, equivalent to a national income of about 170 billion dollars. According to this estimate, agriculture would receive about 16.5 billion dollars in 1950 compared to 6.9 billion dollars in 1940, an increase of 140 percent. We may not be able to reach the 170 billion dollar national income for 1950, but there is no question about the welfare of agriculture being definitely related to the size of the national income. If we could have a national income of 170 billion dollars without a rise in prices, we would have a high level of living based upon a high level of production of goods and services. That is a goal worthy of the best efforts of all groups.

Table 1.--Percentage Distribution of National Income, by Industrial Division, 1933, 1937, 1940, and 1943

Industrial division	1933	1937	1940	1943
Total national income....	100.0	100.0	100.0	100.0
Agriculture.....	7.1	8.6	6.9	9.1
Mining.....	1.4	2.4	2.0	1.7
Manufacturing.....	19.9	25.2	26.1	32.5
Contract construction.....	1.3	2.5	2.8	2.9
Transportation.....	8.5	7.1	6.9	6.5
Power and gas.....	2.4	2.0	2.0	1.1
Communication.....	1.5	1.2	1.2	.8
Trade.....	14.9	14.6	15.6	11.7
Finance.....	11.3	9.6	9.0	6.1
Government.....	15.7	12.7	13.3	17.6
Service.....	10.8	9.7	9.7	6.9
Miscellaneous.....	5.2	4.4	4.5	3.1

Source: U. S. Department of Commerce

Table 2.--Percentages by Which the Incomes of Different Groups in Relation to the Total National Income That Year Were Below or Above the 1937 Level in 1933 and 1943

Industrial division	1933	1943
Agriculture	-18	+6
Mining.....	-40	-30
Manufacturing.....	-21	+29
Contract construction.....	-48	+16
Transportation.....	+20	-9
Power and gas.....	+20	-45
Communication.....	+25	-33
Trade.....	+2	-20
Finance.....	+18	-36
Government.....	+24	+39
Service.....	+11	-29
Miscellaneous.....	+18	-30

Table 3.--Gross National Product (In billions of dollars)

Industrial division	1940	1950[a]	Percentage increase 1940 to 1950
Manufacturing	27.6	65.0	135
Trade	15.7	29.0	85
Finance	11.3	17.5	55
Government (Federal, State and local)	10.3	20.0	95
Service	8.5	13.5	60
Agriculture	6.9	16.5	140
Transportation	6.7	13.0	95
Power and gas	2.7	4.0	50
Mining	5.0	2.4	110
Contract construction	2.3	8.0	250
Communication	1.4	2.0	40
Miscellaneous (including forestry, fisheries, and establishments not elsewhere classified)	3.6	6.5	80

a/ At full employment; estimated in 1944 dollars.
Source: U. S. Department of Commerce

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared November 8) 1945

During the past week the demand for all grains has been especially strong. Tuesday, November 6, the advance on the grain futures market was spectacular. All grain futures rose sharply to new high levels for the season. All corn and the distant deliveries of rye reached the ceiling and near-by rye deliveries advanced the full permissible limit of five cents for one session. New corn sells at ceiling prices on the spot market and cash oats are in brisk demand.

Receipts of hogs at Chicago have increased rapidly during the past four weeks but are still far below last year. It is reported that packing plants located in Iowa and southern Minnesota came closer to matching last year's output last week than those located in other regions, indicating that direct movement is increasing faster than salable receipts at public markets. Ceilings were raised five cents in a number of terminal markets to offset this trend. More hogs arrived at Chicago on Tuesday than any other day since January 23. However, demand continues just as strong as ever, and practically all hogs bring ceiling prices.

Receipts of salable cattle at 12 markets in October were up 7 percent for the year, calves were up 14 percent and sheep and lambs down 18 percent. Sales of feeder and stocker steers at four markets, Chicago, Kansas City, Omaha, and St. Paul, were down less than one percent for October compared with a year earlier. For the month of September the number of stocker and feeder cattle and calves received in eight corn-belt states was down 8 percent. The number of stocker and feeder sheep and lambs received in these states was up 21 percent.

Wheat stocks on October 1 in the United States were about 4 percent smaller than a year earlier. Stocks of corn were up 40 percent. Oats reserves were up 40 percent; barley, down 4 percent; rye, down 38 percent.

As of October 15, farmers received on the average 114 percent of parity for products sold. The general level of prices received by farmers was 199 percent of the August 1909 to July 1914 average. We have listed prices received by Illinois farmers on October 15 as percentages of the average of 1935-1939 Illinois prices for these commodities. The most vulnerable items appear to be milk cows, soybeans, oats and eggs. A little later it is likely that wool and wheat will join the vulnerable list.

Illinois farm prices as a percentage of 1935-39 average

Apples	255	Barley	181	Potatoes	165
Soybeans	228	Milk	179	Corn	164
Milk cows	221	Butterfat	178	Veal calves	162
Oats	206	Wool	176	Lambs	159
Eggs	193	Hay	174	Sheep	157
Wheat	188	Hogs	168	Beef cattle	155
				Chickens	147

Chester Bowles, price administrator, told the House Agricultural Committee that the War Food Administration is considering a poultry price support program.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914

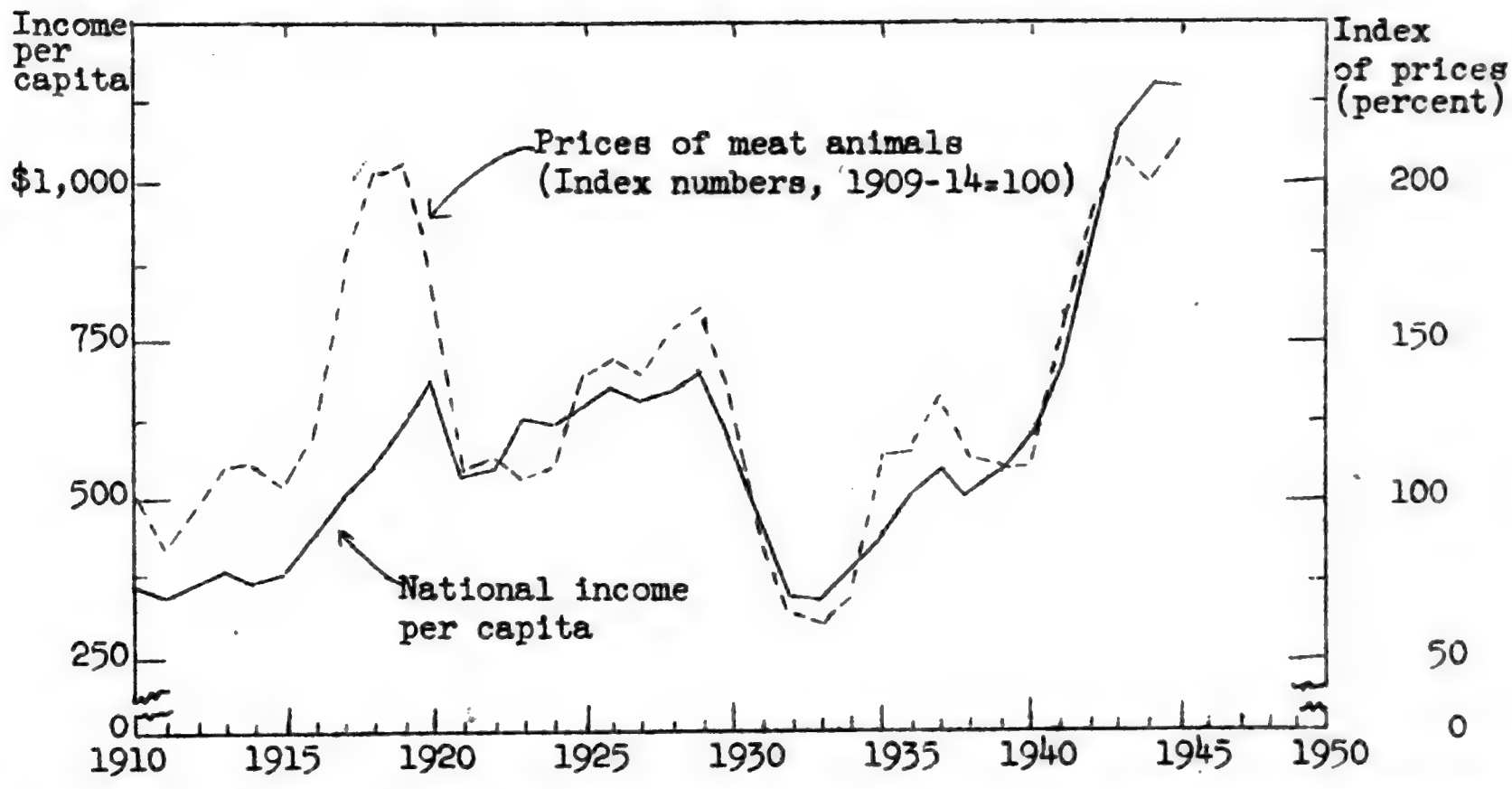
OUTLOOK FOR MEAT ANIMAL PRICES

By L. F. Stice, Extension Marketing Specialist

The Bureau of Agricultural Economics makes the following significant points with respect to the outlook for meat animal prices in 1946 and later years:

In 1946 supplies of low-grade beef may exceed demand at present prices. Therefore, withdrawal of the subsidies now being paid to slaughterers on this grade of cattle probably would be fully reflected in lower prices to producers. For the upper grade of cattle, the demand and supply situation is expected to be such that withdrawal of the subsidy will be partly absorbed by the producer if the ceiling prices on beef are removed. Also, prices of the lower grade cuts of pork, veal and lamb may decline from present levels in periods of peak supply. Hog prices are expected to average nearly as high in 1946 as in 1945 if present ceilings and subsidies are continued, but are expected to decline in the latter part of 1946 if the subsidy to hog slaughterers is removed. As meat production is expected to continue at a high level for several years, variations in consumer incomes will be a major factor affecting meat animal prices in the immediate postwar years (see chart).

PRICES RECEIVED BY FARMERS FOR MEAT ANIMALS AND NATIONAL INCOME PER CAPITA, U.S., 1910-1945*



*Preliminary indications, Bureau of Agricultural Economics, United States Department of Agriculture.

11/6/45

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared November 8)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures	
	Wednesday November 7, 1945	Week ago	(close) Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.80 1/8	$1.77 3/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2**	1.18 1/4
Oats (No. 2 white)	.77**	.69 1/2**	.70 5/8	.64 7/8
Butter (92 score)	.46*	.41*		
Eggs (current receipts)	.41-.446	.41-.446		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, November 3	12.5	12.5		

*Ceiling prices.
**Nominal. No cash sales.

During the past week the demand for all grains has been especially strong. Tuesday, November 6, the advance on the grain futures market was spectacular. All grain futures rose sharply to new high levels for the season. All corn and the distant deliveries of rye reached the ceiling and near-by rye deliveries advanced the full permissible limit of five cents for one session. The only grain that is appreciably below the ceiling on the futures market is oats. New corn sells at ceiling prices on the spot market, and cash oats are in brisk demand.

Exports for relief purposes provide the special stimulus to wheat prices. Shipments of wheat for relief purposes added to other types of freight traffic, labor difficulties and shorter work periods have overloaded the railroads. The Association of American Railroads said that more country elevators are closed for want of cars than at any time in history. The soybean movement is not as serious as earlier, but the picture is complicated by in-coming soft corn and enormous quantities of grain sorghums. Railroads are doing an excellent job, but the demand for service just exceeds the supply of cars that can be made available.

Livestock receipts. Receipts of hogs at Chicago have increased rapidly during the past four weeks but are still far below last year. It is reported that packing plants located in Iowa and southern Minnesota came closer to matching last year's output last week than those located in other regions, indicating that direct movement is increasing faster than salable receipts at public markets. Ceilings were raised five cents in a number of terminal markets to offset this trend. More hogs arrived at Chicago on Tuesday than any other day since January 23. However, demand continues just as strong as ever, and practically all hogs bring ceiling prices.

For the month of October, salable hog receipts at 12 public markets were only 50 percent as large as in October 1944. The situation is improving slightly as indicated by the following figures: For the 12 months October to September, salable receipts at these 12 public markets were only 47 percent of the comparable volume for the previous year; for October, 50 percent; and for the week ending November 3, 52 percent. During the past year, however, average weights have greatly increased. For the month of October, the average weight of barrows and gilts at Chicago was 278 pounds compared with 226 pounds in October 1944. As a rough but inaccurate basis of comparison, we might assume that all receipts at Chicago were barrow and gilts. Multiplying by the average weights for barrows and gilts, the poundage of hogs received at Chicago in October 1945 would then be down only 37 percent from the previous year. If, in the meantime, more hogs were shipped direct, the total available supply would show a still smaller decline. Receipts of salable cattle at 12 markets in October were up 7 percent for the year, calves were up 14 percent and sheep and lambs down 18 percent. Sales of feeder and stocker steers at 4 markets, Chicago, Kansas City, Omaha, and St. Paul, were down less than one percent for October compared with a year earlier. For the month of September, the number of stocker and feeder cattle and calves received in 8 corn-belt states was down 8 percent. The number of stocker and feeder sheep and lambs received in these states was up 21 percent.

Rye supplies short. The United States Department of Agriculture reports that the outlook for rye in the next year indicates a world supply short of demand, with U. S. production insufficient to permit exports in an amount that will materially improve shortages in European rye-consuming nations. The commercial stocks of rye in the United States are only one-third as large as the small stocks on hand a year ago. Canada reports short stocks and a small crop being harvested. The world rye crop for 1945-46 was estimated at 1,425 million bushels, 8 percent under the preceding year.

Stocks of grain October 1. Wheat stocks on October 1 in the United States were about 4 percent smaller than a year earlier. Stocks of corn were up 40 percent. Oats reserves were up 40 percent; barley, down 4 percent; rye, down 38 percent; and combined stocks of these five grains totaled 3,071 million bushels, of which 2,353 million bushels were on farms and 718 million bushels were in off-farm storage.

Wheat crop up 7 percent. According to the United States Department of Agriculture estimate released November 5, the wheat crop harvested this year will be 1,150 million bushels. That will be the largest of record and will exceed the previous record set in 1944 by nearly 7 percent. Wheat exports are expected to run as high as 325 million bushels. Before the war we had to use special devices to export as much as 100 million bushels. Farm stocks on October 1 were the second largest on record, but disappearance of farm stocks of wheat in the period July to September were reported to have been the highest ever reported. Very little wheat had been placed under loan.

Prices of farm products. As of October 15, farmers received on the average 114 percent of parity for products sold. The general level of prices received by farmers was 199 percent of the August 1909 to July 1914 average. Between September 15 and October 15, prices rose two points. Parity prices reached another new 25-year high as prices paid by farmers for commodities, interest and taxes advanced another point to 175 percent of the base period. Higher crop prices accounted for practically all of the up-turn between September 15 and October 15. Prices received by farmers in the United States are listed on the next page as a percentage of parity or comparable prices:

U. S. farm prices as percentage of parity

Apples	169	Veal calves	114	Eggs	98
Wool	128	Hogs	111	Potatoes	98
Soybeans	123	Rye	110	Wheat	97
Lambs	122	Milk	110	Barley	94
Chickens	122	Butterfat	106	Oats	90
Beef cattle	120	Corn	101	Hay	69

Except for estimating the protection farmers have on the basis of 90 percent of parity, a comparision of present prices with prewar prices probably gives a better basis for judging the extent of disparity in prices at the present time. We have listed prices received by Illinois farmers on October 15 as percentages of the average of 1935 to 1939 Illinois prices for these commodities. The most vulnerable items appear to be milk cows, soybeans, oats and eggs. A little later is it likely that wool and wheat will join the vulnerable list. Apple prices fluctuate from year to year as a result of very great changes in supplies. This year the abnormally high price is partially the result of abnormally low output.

Illinois farm prices as a percentage of 1935-39 average

Apples	255	Barley	181	Potatoes	165
Soybeans	228	Milk	179	Corn	164
Milk cows	221	Butterfat	178	Veal calves	162
Oats	206	Wool	176	Lambs	159
Eggs	193	Hay	174	Sheep	157
Wheat	188	Hogs	168	Beef cattle	155
				Chickens	147

Poultry price support considered. Chester Bowles, price administrator, told the House Agricultural Committee that the War Food Administration is considering a poultry price support program which might cost around 75 million dollars, and that the Office of Price Administration is working on a plan to force down retail poultry prices as producer prices decline on a "community" price system.

Dairy allocations for fourth quarter. According to a government report, more butter, American cheese, evaporated milk and dried milk is allocated to U. S. civilians during the current quarter-year than during the previous three-month period and more also than during the same October-December period of 1944, the Department of Agriculture said today.

Greatly increased quantities of dairy products have been allocated to UNRRA, France, Belgium, the Netherlands and French North Africa. These claimants are receiving more than 450 million pounds of dairy products in this quarter, which is approximately four times greater than the U. S. has made available in any previous quarter to meet relief needs. Allocations to these claimants substantially meet their requests for dairy products. At the present time, butter is the only dairy product under rationing or similar distribution control. Unallocated dairy products, such as fluid milk and cream, cottage cheese and chocolate milk will be in adequate supply in most areas, even though this is the season of lowest milk production.

Demand outlook for 1946. In the outlook issue of the Demand and Price Situation, the United States Department of Agriculture said that the "demand for farm products is likely to be maintained at a high level in 1946, but prices and incomes to farmers are expected to be somewhat below the high levels of 1945. The prices of farm products in 1945 will apparently average about double the 1910-14 average and also nearly double the prewar 1935-39 average. With normal conditions for production in the U. S., prospects are for a reduction in cash receipts for marketings, in 1946, but probably not more than about 10 to 15 percent.

"Total demand for farm products is likely to be maintained at a high level through 1946 by a high level of civilian purchasing power and by the taking of a large volume of farm products for relief and export. The cutback in national expenditures for war materials is reducing national income, but by the middle of 1946, reconversion will have reached the point at which national production may begin to expand, with increasing employment. National income for the year may be reduced, but perhaps by not more than 15 percent, from the high level of 1945.

"Purchasing power of consumers will not be affected as much as national income by the cutbacks from war production. If taxes are reduced, this will leave a larger proportion of current incomes at the disposal of consumers.

"Relief takings and exports of farm products in 1945 will be large if adequate financial arrangements are provided. The need exists and arrangements have already been made to move a considerable volume in the next few months. Wheat is moving in large volume and the exports of cotton are likely to increase. Takings of some products may decline in the latter part of the year, with the harvesting of crops in Europe and in other exporting countries."

Slaughter subsidies may be raised. The OPA is revising its slaughter payment schedule in conformity with a recent amendment to the law which requires the OPA to assure profits to slaughterers for all species handled. The increased subsidies are expected to range as follows per hundredweight: Beef, 10 to 12 cents; hogs, 13 to 15 cents and sheep, 20 cents. These payments will be made for the period dating from April 1 to October 31. There is some talk that the OPA may scale down the hog payment but take care of the reduction by permitting a roll-back of prices.

Red clover and timothy seed prices below 1944. Prices to growers of timothy seed advanced 9 cents per cwt. between September 15 and October 15. In Illinois the price to growers for clean seed was $5.56 per cwt. October 15 this year compared to $6.10 a year ago.

Prices growers received for red clover seed in northern Illinois on October 15 were reported at $30.15 per cwt. compared to $30.50 last year. In central Illinois the comparable figures are $30.50 this year, $30.65 last year, and in southern Illinois $30.50 this year, $31 last year. The quality of the red clover seed this year is inferior to that of last year. The average price to growers on October 15 for the country as a whole was $30.67 per cwt. for clean seed. That was 16 cents lower than 1944 but $13.60 higher than the five-year average, 1939-43, of $17.07 per cwt.

Potatoes should be marketed freely. Because of the exceptionally large crop of potatoes this year, the government reports that there will be no shortage next

spring and, therefore, no effort will be made to encourage potato growers to hold any large fraction of their crop for spring delivery. In fact, growers are urged to market freely during the early part of the season.

The fruit situation. Although consumer incomes may decline slightly during the coming fall and winter, the demand for fresh fruit is expected to continue sufficiently strong so that prices of deciduous fruits, including apples, pears, grapes and cranberries, will be at or near ceiling levels. However, new-crop citrus fruits are expected to decline considerably from ceilings as markets become well supplied. The citrus crop is expected to be about 8 percent larger than last year.

The price-wage controversy. The general consensus of opinion is that there will probably be a strike wave even worse than the present, as labor will press its wage demands for increases in pay ranging up to 30 percent. Inasmuch as employers are lacking assurance that prices can be raised sufficiently to offset the wage increases, they will probably resist the laborers' demands. The net outcome probably will be a wage increase of 15 to 20 percent, followed by later price increases.

The government hopes that price increases can be avoided to a large extent by a very large volume of business. The large volume of business would make it possible to spread fixed costs over a larger number of units and to earn reasonable profits without any substantial increase in prices. Both the government and labor unions are making strenuous efforts to prevent commodity price rises. Small businesses are likely to be permitted to raise their prices or to resist the demands for increased wages. At the present time demobilization of the armed forces and the closing down of war plants is proceeding faster than civilian industries are absorbing new workers. The result is a substantial increase in unemployment. So far, there is no great fear that this situation will last long enough to initiate a severe depression.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared November 15)

Prices of corn and wheat remain at the ceilings, but oats and rye futures price movements have been erratic during the past week, climbing to new highs followed by reactions Tuesday, November 13. The December rye future sold at $1.90 1/8, the highest price for any type of rye future in 25 years. May oats came within 1 3/4 cents of the ceiling. Most classes of cattle were steady. The largest hog supply since mid-January sold at ceiling prices. The government reported that October shipments of stocker and feeder cattle into the corn-belt states were the largest on record for that month and revised upward the estimate of the number of cattle to be fed in the winter season. It now seems probable that more cattle will be fed for market both in the 11 corn-belt states and in adjoining regions than were fed last year, and that the total on feed January 1, 1946, will be a near-record number. Concern is expressed in some quarters that there may be a heavy run of cattle to market next spring or early summer.

Stabilization Administrator Judge John O. Collett said that the government proposes to end virtually all wartime food subsidies by June 30, 1946. Mr. Chester Bowles of OPA said, "This office will take no action to decrease the amount of the direct feeder subsidy in such a way as to destroy the proper expectation of the feeder that cattle which he has commenced to feed in reliance upon the subsidy will be ineligible for subsidy payment. When conditions change sufficiently to warrant subsidy reduction, feeders will be given ample advance notice of the proposed change in order to permit them to adjust their operations."

As indicated in a special section by Professor Stice, supplies of feed per animal unit are expected to be relatively large during 1945-46. However, the demand for feed is expected to remain strong. Later in the season the demand from livestock producers may decline somewhat, but exports of some feed grains and by-product feeds are expected to increase. Feeding rates are likely to continue at a high level during 1945-46 but possibly not so high as the near-record rate of feeding in 1944-45. Supplies of high protein by-product feeds, on the basis of oilmeal equivalent, probably will be slightly lower than in 1944-45, and oilmeal prices may decline somewhat by the summer or fall of 1946, after the government's 1945 crop commitments to support meal prices run out. The supply of hay for the 1945-46 season is one of the largest on record and, in relation to the livestock to be fed, is the largest in nearly 20 years.

A decline is expected during 1946 in gross farm income, cash receipts, expenses of production and net income to farm operators. Net income of farmers in 1946 may decline as much as 15 percent from 1945, according to the U. S. Department of Agriculture. This would still leave the indicated total more than double the prewar average and higher than in any year prior to 1943. Production expenses are expected to reach a record peak this year and to decline in 1946. Farm wages are expected to fall, and more hired help will be available in the next crop year. Expenditures for farm equipment and farm rehabilitation in 1946 are expected to increase considerably as machinery and building materials become available.

The quantity of food available for civilians in 1946, total and per capita, will be considerably greater than in 1945 and may even exceed the high record of 1944, which was 11 percent above 1935-1939.

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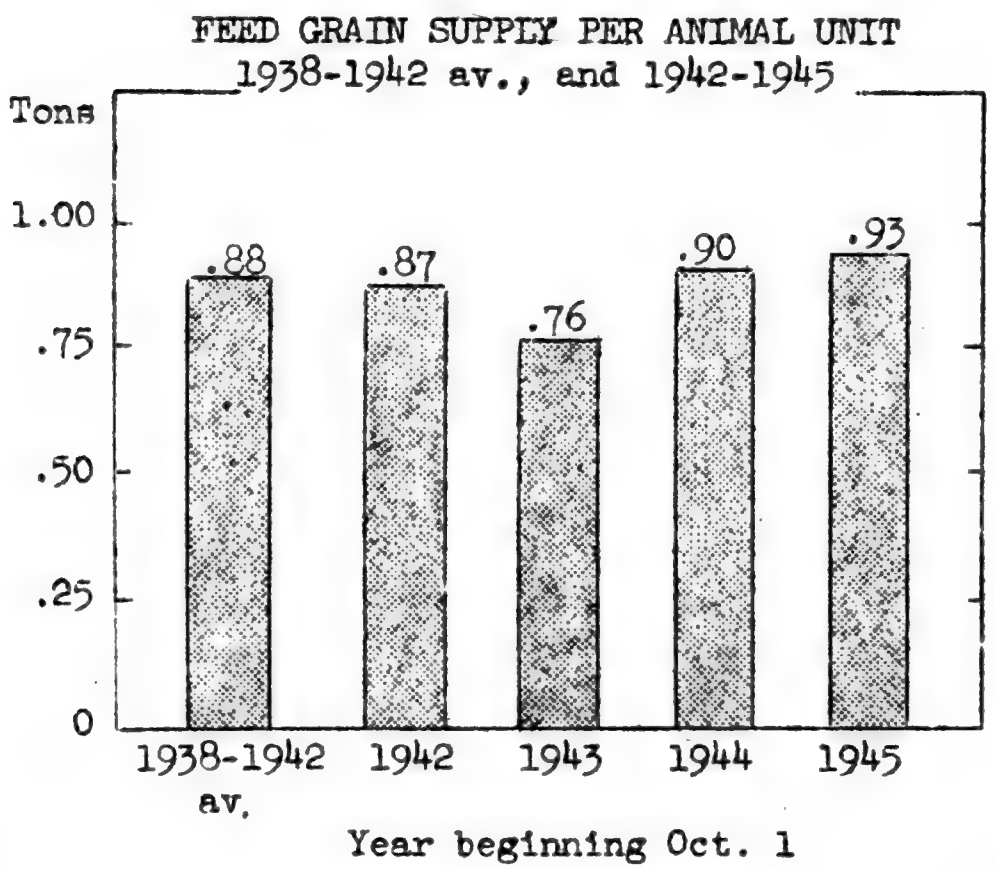
FEED OUTLOOK LESS OPTIMISTIC THAN A MONTH AGO
By L. F. Stice, Extension Marketing Specialist

The November 1 U.S.D.A. crop estimate paints a much less optimistic picture of feed supplies for the ensuing feeding season than does the October 1 report. The estimate of the 1945 Illinois corn crop was reduced from 413 to 405 million bushels. For the U.S. as a whole, 1945 corn production is estimated to be 3,074 million bushels compared with 3,228 million bushels in 1944. Ohio and Indiana alone of the ten principal corn-producing states will raise more corn than in 1944. Moreover, the recent report indicates that 87 percent of this year's crop will be harvested for grain compared with 90 percent of the 1944 crop.

Because of the larger carry-over of old feed grains and the large oat crop, the supply of feed grains for each grain-consuming animal unit is now estimated to be .93 ton compared with .90 ton a year ago and .88 ton for the 1938-1942 average (see chart). The feed supply outlook is not so favorable, however, as these data might indicate. The dire need for human food in the European and Mediterranean countries will result in reduced imports of grains from Canada and increased exports of U.S. wheat and possibly some feed grains to our former allies. Industrial demand for corn in this country will continue to exceed available supplies. Conservative use of marketable corn and other feed concentrates is recommended. Deficit feed areas in Illinois will undoubtedly find it difficult to buy corn before another crop is harvested.



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WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared November 15)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday November 14, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.80 1/2	$1.80 1/8
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.78	.77**	.74 3/8	.70 5/8
Butter (92 score)	.46*	.46*		
Eggs (current receipts)	.446*	.41-.446		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, November 10	12.5	12.5		

*Ceiling prices.
**Nominal. No cash sales.

Prices of corn and wheat remain at the ceilings, but oats and rye futures price movements have been erratic during the past week, climbing to new highs followed by reactions Tuesday, November 13. The December rye future sold at $1.90 1/8, the highest price for any type of rye future in 25 years. May oats came within 1 3/4 cents of the ceiling.

Most classes of cattle were steady. The largest hog supply since mid-January sold at ceiling prices. The government reported that October shipments of stocker and feeder cattle into the corn-belt states were the largest on record for that month and revised upward the estimate of the number of cattle to be fed in the winter season. It now seems probable that more cattle will be fed for market both in the 11 corn-belt states and adjoining regions than were fed last year, and that the total on feed January 1, 1946, will be a near-record number. The increase in receipts of stocker and feeder cattle in October in the eight corn-belt states for which records of total in-shipments are available was 27 percent over October last year. The three leading feeding states, Iowa, Illinois and Nebraska, all had records for October. The average cost for stockers and feeders shipped to the country from four big Middle West markets in October was $12.80 compared with $11.57 last year. The trend continued upward in early November, with an average price of $12.95 for the first week against $11.48 in the corresponding period of 1944. Concern is expressed in some quarters that there may be a heavy run of cattle to market next spring or early summer.

Feeders to receive ample warning of subsidy changes. Stabilization Administrator Judge John C. Collett said that the government proposes to end virtually all wartime food subsidies by June 30, 1946. Mr. Chester Bowles of OPA said, "This office

will take no action to decrease the amount of the direct feeder subsidy in such a way as to destroy the proper expectation of the feeder that cattle which he has commenced to feed in reliance upon the subsidy will be ineligible for subsidy payment. When conditions change sufficiently to warrant subsidy reduction, feeders will be given ample advance notice of the proposed change in order to permit them to adjust their operations."

Judge Collett explained that the removal of subsidies would in many cases cause an increase in price of the commodity now subsidized. However, he expects to prevent a rise in the cost of living by timing the removal of subsidies with declines in prices of other foodstuffs so that any rise in one item would be offset by a decline in one or more other items. He suggested a schedule for removal of subsidies as follows: grapefruit juice with the selling of the 1944-45 crop; vegetable shortening not later than December 31, 1945; cheese not later than February 28, 1946; pork, $1.30 per live hundredweight, not later than March 31, 1946--remaining 40 cents per hundredweight, not later than June 30, 1946; canned and frozen vegetables, dry, edible beans, prunes and raisins not later than the end of the 1945 crop season; dairy production payments, regional fluid milk, feeder cattle, beef, sheep and lambs and flour not later than June 30, 1946. No date has been suggested for ending subsidies on sugar and oilseed.

The wheat situation. Total requirements for wheat and flour by importing countries will be very large, and the government estimates that the volume of international trade will be the largest in 15 years. It is unlikely that bread and flour can be made available in quantities actually needed in most liberated areas. Rationing probably will be continued. Part of the difficulty is in obtaining funds, part in the physical acquisition of the commodity and part in the transportation and distribution in the European countries. Strength in the wheat market has been upheld by heavy buying by the Commodity Credit Corporation for exports to liberated areas. Wheat stocks on farms in this country on October 1 were estimated at 539 million bushels, the largest on hand for that date except in 1942. With exports currently estimated at from 300 to 325 million bushels, the carry-over next July 1 will not be excessive, but it will be considerably higher than absolutely necessary.

The feed situation. As indicated in a special section by Professor Stice, supplies of feed per animal unit are expected to be relatively large during 1945-46. However, the demand for feed is expected to remain strong. Later in the season the demand from livestock producers may decline somewhat, but exports of some feed grains and by-product feeds are expected to increase. The carry-over of feed grains in 1946 is not likely to be far different from 1945. The large supplies of corn, oats, barley and sorghum grains, which, according to the October 1 estimate, were the largest per animal unit in 20 years of record, will be offset by smaller quantities of wheat fed in 1945-46 and reductions in feed grain imports. Feeding rates are likely to continue at a high level during 1945-46 but possibly not so high as the near-record rate of feeding in 1944-45. Supplies of high protein by-product feeds, on the basis of oilmeal equivalent, probably will be slightly lower than in 1944-45, and oilmeal prices may decline somewhat by the summer or fall of 1946, after the government's 1945 crop commitments to support meal prices run out. The supply of hay for the 1945-46 season is one of the largest on record and, in relation to the livestock to be fed, is the largest in nearly 20 years.

The poultry and egg situation. The demand for poultry products in 1946 will probably be somewhat lower than the high levels reached in 1945, according to the Bureau of Agricultural Economics. The reduction will be due to increased supplies of meat for civilians, smaller noncivilian takings of poultry products and reductions in consumer income. Prices received by farmers for eggs probably will decline materially and may be near support levels during most of the year. Prices for chickens and turkeys are not expected to decline much below the 1945 level. It is expected that lower egg prices in prospect during the winter and spring will cause a 10 to 20 percent drop in the number of chicks raised in 1946 compared to 1945.

Farm incomes expected to drop. A decline is expected during 1946 in gross farm income, cash receipts, expenses of production and net income to farm operators. Net income of farmers in 1946 may decline as much as 15 percent from 1945, according to the U. S. Department of Agriculture. This would still leave the indicated total more than double the prewar average and higher than in any year prior to 1943. Cash receipts from farm marketings in 1946 are expected to be a little over 18 billion dollars, with government payments bringing total receipts up to about 19 billion dollars. This would be 10 percent less than in 1945. Production expenses are expected to reach a record peak this year and to decline in 1946. Farm wages are expected to fall and more hired help will be available in the next crop year. Expenditures for farm equipment and farm rehabilitation in 1946 are expected to increase considerably as machinery and building materials become available.

Most feeding ratios still favorable. Compared to the long-time September average, the hog-corn ratio for the United States in September 1945 was up 6 percent, the butterfat-feed ratio was up 14 percent, the milk-feed ratio up 9 percent and the egg-feed ratio down one percent.

Production estimates. Production of milk, beef and lamb and mutton for the first eight months of 1945 was substantially ahead of 1944, but production of eggs, pork and lard and all meats was substantially below 1944. Civilian supplies of fats and oils are the smallest in many years. Total civilian use in 1945 is estimated at 65 pounds per capita compared with an average of 74 pounds per capita in 1937-41. Lard output in 1945 will be at least one billion pounds less than last year. August 1 stocks of fats and oils were 1,751 million pounds, about 400 million pounds less than the year earlier. In connection with the domestic demand for fats and oils, it is interesting to note that 70 to 85 percent of the consumption of soybean oil has been used largely for edible purposes during recent years. This is in contrast to the years prior to 1935 when soybean oil was used chiefly in soaps, paints and varnishes, although soybean oil is suitable for a great number of uses, both edible and nonedible. In looking forward to the demand for soybeans in the postwar period, we shall have to figure on soybean oil competing in the food market with cottonseed oil, lard and other edible oils for the major part of its use and the soybean meal finding an outlet as a protein concentrate for livestock feeding.

There is little hope now that sugar rationing will end before 1947, according to Secretary Anderson. The rationing of butter, margarine, lard and shortening may have to continue into the spring and possibly the summer of 1946, but meat may go off the ration list early in 1946. Part of this tightness has been associated with the fact that the United States has allocated liberated areas of Europe and French

North Africa 50 percent more food for the October-December quarter than in the preceding quarter. The allocation totals nearly four million tons from a fourth-quarter supply of about 37 million tons. Of this food being sent to liberated areas, more than three-fourths of it will be wheat and flour. The production and shipments of sugar to the U. S. are held up by fighting and unrest in Java and the East Indies and the inability of the Philippines to get production back to normal within about 18 months.

The total food available for civilians in 1946 will be considerably greater than in 1945 both on a total and per capita basis and may even exceed the high record of 1944, which was 11 percent above the prewar level of 1935-39. In addition to sugar and fats and oils (particularly butter), supplies of pork, the better grades of beef and veal and canned fish will not be abundant.

The October national milk output established a record high, but egg production fell 5 percent below October 1944. Average production per cow on November 1 was 12.92 pounds, a record for the date. October egg production was below that of October 1944 but 43 percent above the monthly average for the years 1934-43. Egg production per hen hit a new record for a 30-day period.

Large fraction of farm land sales for cash. During the first quarter of 1945, 56 percent of all farmland sales were entirely for cash, according to a study by the U. S. Department of Agriculture. This compares with 51 percent cash sales for the first quarter of 1944, 55 percent for the full year 1944, 52 percent for 1943 and 45 percent for 1942. On sales financed by mortgages, the down payment has continued to increase as a percentage of the purchase price. During the first quarter of 1945, the down payment was 44 percent of the purchase price. For the first quarter of 1944 it was 42 percent; for the full year 1944, it was 40 percent; for 1943, 39 percent; and for 1942, 33 percent. In contrast with World War I, to date farmers not only have curtailed use of credit in land purchases, but have reduced outstanding farm mortgages by more than 1 1/4 billion dollars during the war and at the same time have accumulated record amounts of U. S. saving bonds, bank deposits, life insurance and other savings.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared November 21)

Receipts of hogs at Chicago during the past two weeks were the largest since last January. Although the average weight was only 267 pounds, the lightest since May 19, it was above that of any corresponding week on record. The total weight of hogs received set a new November record. Expansion of receipts has been greatest in the western corn belt. There have also been increased cattle marketings at Missouri River centers. More short-fed and less long-fed steers are coming to market. Strictly finished cattle are scarce, but the ceiling is paid for cattle with moderate finish. Because of the relatively large amount of soft corn in the western corn belt, Illinois feeders are forced to compete actively for replacement stock. Present stocker and feeder cattle prices are the highest on record for the season.

The grain markets have been strong, with rye futures recovering all the 10 or 11 cents dip of last week and going to a new 25-year high. Oats prices were a little weak in the spot market as a result of larger receipts and the falling off in shipping demand. The Office of Price Administration indicated that it would issue regulations November 30 setting ceilings on the 1946 rye crop at all levels. This will be the first ceiling placed on rye, and it is expected that it will be $1.42 a bushel at Chicago for No. 2 rye and will become effective June 1, 1946. Monday, November 19, the December rye future closed 50 cents above this ceiling for the new crop.

According to the government's November 1 report, about as many lambs will be finished in feedlots during the 1945-46 lamb feeding season as in the 1944-45 season, but there will be a rather sharp reduction in the number finished on wheat pastures. Because of the higher subsidy payments on heavy weight lambs, the movement out of the feedlots may be delayed. Shipments of feeder lambs to the lot feeding areas of the corn belt in October were the second largest on record for the month.

An increase in the number of cattle fed during the coming winter feeding season over a year earlier is anticipated by the U. S. Department of Agriculture as a result of developments during October. The unusually keen demand for feeder cattle evidenced in October is expected to continue through November and December; and if cattle are available, the movement into feeding areas will continue large.

As a result of good weather which permitted farmers to speed up fall harvest operations, about 60,000 more persons were working on farms on November 1 than a year earlier. This is the first month since September 1943 that a significant increase over a year earlier has occurred in farm employment. It is probably a good indication of the easing of the farm labor situation associated with the return of the boys from the armed services.

The U. S. Department of Agriculture reports that rates paid by farmers for combining and harvesting of wheat, oats and soybeans have shown a sharp increase in recent years. Combining rates for the 1945 crop averaged $3.65 per acre for wheat and $3.60 per acre for oats compared with $1.90 for wheat and $2.30 for oats for the 1938 crop. Rates for combining the 1945 crop of soybeans have averaged $3.80 per acre so far this season, with considerable variation between states.

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University of Illinois College of Agriculture, Urbana

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(Prepared November 21)

Receipts of hogs at Chicago during the past two weeks were the largest since last January. Although the average weight was only 267 pounds, the lightest since May 19, it was above that of any corresponding week on record. The total weight of hogs received set a new November record. Expansion of receipts has been greatest in the western corn belt. There have also been increased cattle marketings at Missouri River centers. More short-fed and less long-fed steers are coming to market. Strictly finished cattle are scarce, but the ceiling is paid for cattle with moderate finish. Because of the relatively large amount of soft corn in the western corn belt, Illinois feeders are forced to compete actively for replacement stock. Present stocker and feeder cattle prices are the highest on record for the season.

The grain markets have been strong, with rye futures recovering all the 10 or 11 cents dip of last week and going to a new 25-year high. Oats prices were a little weak in the spot market as a result of larger receipts and the falling off in shipping demand. The Office of Price Administration indicated that it would issue regulations November 30 setting ceilings on the 1946 rye crop at all levels. This will be the first ceiling placed on rye, and it is expected that it will be $1.42 a bushel at Chicago for No. 2 rye and will become effective June 1, 1946. Monday, November 19, the December rye future closed 50 cents above this ceiling for the new crop.

According to the government's November 1 report, about as many lambs will be finished in feedlots during the 1945-46 lamb feeding season as in the 1944-45 season, but there will be a rather sharp reduction in the number finished on wheat pastures. Because of the higher subsidy payments on heavy weight lambs, the movement out of the feedlots may be delayed. Shipments of feeder lambs to the lot feeding areas of the corn belt in October were the second largest on record for the month.

An increase in the number of cattle fed during the coming winter feeding season over a year earlier is anticipated by the U. S. Department of Agriculture as a result of developments during October. The unusually keen demand for feeder cattle evidenced in October is expected to continue through November and December; and if cattle are available, the movement into feeding areas will continue large.

As a result of good weather which permitted farmers to speed up fall harvest operations, about 60,000 more persons were working on farms on November 1 than a year earlier. This is the first month since September 1943 that a significant increase over a year earlier has occurred in farm employment. It is probably a good indication of the easing of the farm labor situation associated with the return of the boys from the armed services.

The U. S. Department of Agriculture reports that rates paid by farmers for combining and harvesting of wheat, oats and soybeans have shown a sharp increase in recent years. Combining rates for the 1945 crop averaged $3.65 per acre for wheat and $3.60 per acre for oats compared with $1.90 for wheat and $2.30 for oats for the 1938 crop. Rates for combining the 1945 crop of soybeans have averaged $3.80 per acre so far this season, with considerable variation between states.

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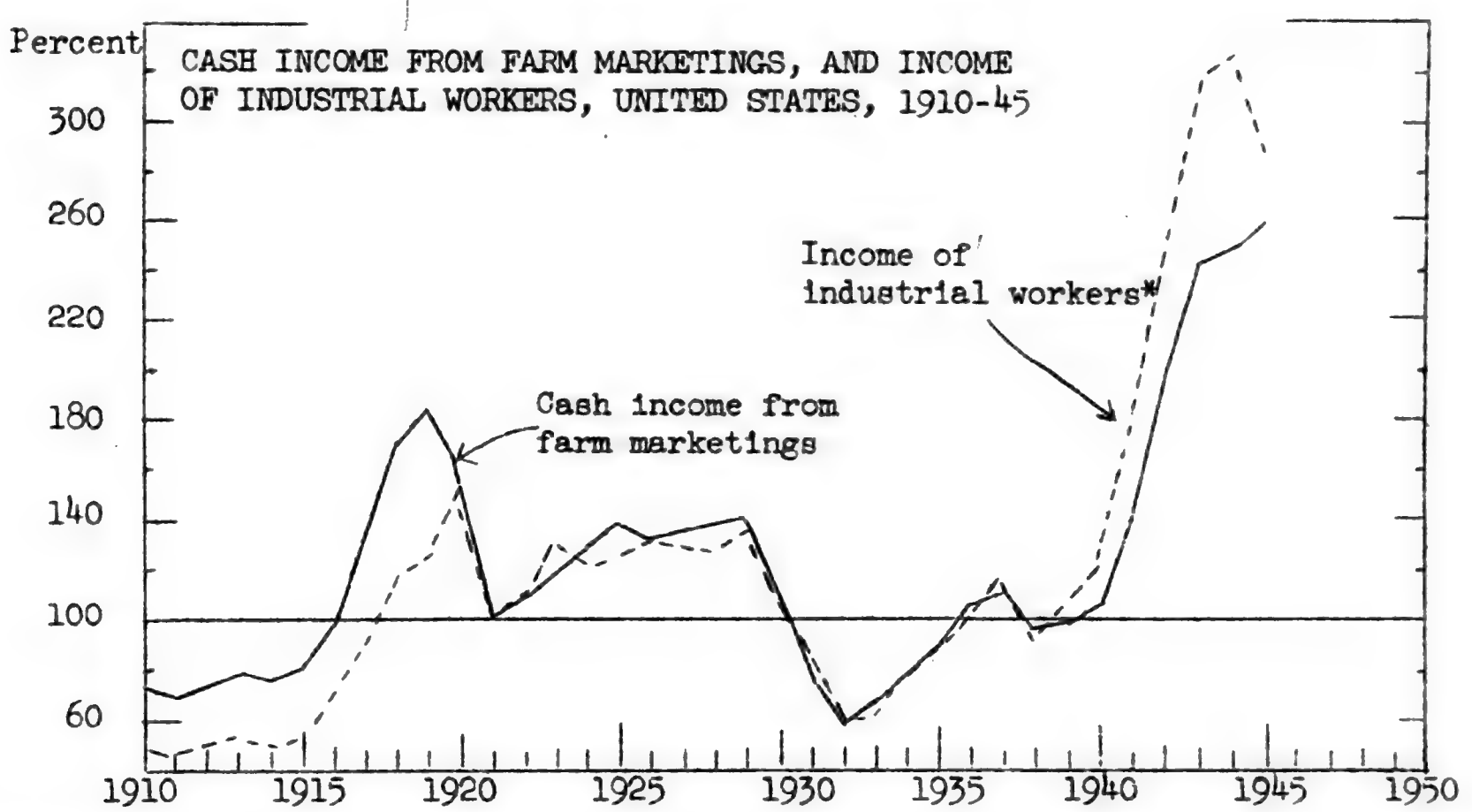
Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

RELATIONSHIP OF FARM INCOME AND INCOME OF INDUSTRIAL WORKERS

By L. F. Stice, Extension Marketing Specialist

In coming months, as government wartime spendings decline, subsidies are withdrawn and price ceilings on farm products are removed, trends in business activity will bear watching. Fluctuations in cash incomes from farm marketings and incomes of industrial workers have been similar most of the time since 1910 (see chart). This is because changes in the purchasing power of industrial workers greatly influence the demand for farm products. Demand affects prices, and prices of farm products usually account for most of the changes in farmers' gross incomes.

During the war, incomes of industrial workers would have supported farm prices and gross farm income at substantially higher levels than actually prevailed. Although consumer purchasing power is expected to maintain the demand for farm products at a comparatively high level in 1946, incomes of industrial workers will decline to more nearly correspond to farm incomes.



*Manufacturing, mining, and railway. Data for 1945 are tentative estimates.

11/21/45

WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared November 21)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures	
	Wednesday November 20, 1945	Nov. 14	(close) Tuesday	Nov. 14
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.80 1/2*	$1.80 1/2*
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.80-.80 1/2	.78	.74 1/2	.74 3/8
Butter (92 score)	.46*	.46*		
Eggs (current receipts)	.446*	.446*		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, November 17		12.5		

*Ceiling prices.
**Nominal. No cash sales.

Although receipts of hogs at Chicago during the past two weeks were below 1944 and 1943, they were the largest since last January. Although the average weight was only 267 pounds, the lightest since May 19, it was above that of any corresponding week on record. The total weight of hogs received set a new November record. Expansion of receipts has been greatest in the western corn belt. Packing plants in the Iowa-Minnesota area have been able to obtain all the hogs they could handle, but buyers from other areas held the prices firmly at the ceiling. There have also been increased cattle marketings at Missouri River centers. Relatively large shipments of western ewes caused an increase in total sheep and lamb unloads. More short-fed and less long-fed steers are coming to market. Strictly finished cattle are scarce, but the ceiling is paid for cattle with enough finish to qualify under the rules. In western corn-belt centers, stockers and feeders made up from 35 to 55 percent of receipts, and all markets were liberally supplied with cows. Because of the relatively large amount of soft corn in the western corn belt, Illinois feeders are forced to compete actively for replacement stock. Present stocker and feeder cattle prices are the highest on record for the season.

The grain markets have been strong, with rye futures recovering all the 10 or 11 cents dip of last week and going to a new 25-year high. Oats prices were a little weak in the spot market as a result of larger receipts and the falling off in shipping demand. Oats futures were about steady, with the strength in rye tending to offset the weakness in the cash market. The Office of Price Administration indicated

that it would issue regulations November 30 setting ceilings on the 1946 rye crop at all levels. This will be the first ceiling placed on rye, and it is expected that it will be $1.42 a bushel at Chicago for No. 2 rye and will become effective June 1, 1946. Monday, November 19, the December rye future closed 50 cents above this ceiling for the new crop.

Surplus eggs may go to Britain. Britain appears to be willing to purchase our surplus eggs either as shell or dried eggs as soon as credit arrangements are worked out between the two countries. Although eggs are now near ceiling price levels, it is expected that next spring during the season of flush production we may have a surplus of eggs which will require some sort of government price support. The United States Department of Agriculture is encouraging egg producers to cull flocks during the moulting season so as to check overproduction. It is possible that some incentive plan may be worked out to encourage culling of flocks.

It is also reported that a group of large dairy companies has applied for license to engage jointly in the export of dried whole milk and dry milk solids, not fat.

Wool outlook helped by clothing shortage. Although world stocks of wool are high as a result of shutting off the European and other markets by the war, a large fraction of the stocks is controlled by the British government, which has announced a long-range plan for its orderly disposal. After World War I wool was in a very vulnerable position. This time the danger of severe price declines is lessened somewhat by the severe shortage of wearing apparel in Europe and in the United States. We have several times as many men returning from the armed forces in need of new civilian clothes as returned following World War I. The present shortage is really critical, particularly of woolen and worsted fabrics and clothing. A somewhat different view is taken by Senator O'Mahoney, who anticipates some "disadvantageous effects" of exporting countries seeking to capture the American market. He called upon the government to establish a constructive wool policy.

The lamb feeding situation. According to the government's November 1 report, about as many lambs will be finished in feedlots during the 1945-46 lamb feeding season as in the 1944-45 season, but there will be a rather sharp reduction in the number finished on wheat pastures. More are expected to be finished in the feedlots of the corn belt, but fewer in the western states. Because of the higher subsidy payments on heavy weight lambs, the movement out of the feedlots may be delayed. Shipments of feeder lambs to the lot feeding areas of the corn belt in October were the second largest on record for the month, but 25 to 35 percent fewer lambs will be fed on the western Kansas wheat fields.

The cattle feeding situation. An increase in the number of cattle fed during the coming winter feeding season over a year earlier is anticipated by the U. S. Department of Agriculture as a result of developments during October. The unusually keen demand for feeder cattle evidenced in October is expected to continue through November and December; and if cattle are available, the movement into feeding areas will continue large. Part of the strength in the demand for feeder cattle during October resulted from rather extensive frost damage to corn in the leading corn-belt feeding states.

Apples, pears and pecans in Illinois. The commercial apple crop in Illinois in 1945 was 2,684,000 bushels compared to 2,418,000 bushels in 1944 and a ten-year average of 3,162,000 bushels. The reduction in yield compared to the average was caused by late spring frosts, poor pollinating weather and unusually severe scab damage. The nation's commercial apple crop was the smallest on record--only slightly more than half of the 1944 total or the ten-year average.

There was a large crop of good-quality pears in the northern half of Illinois, but fungus diseases in the main southern areas held production to 354,000 bushels compared with 335,000 last year and a ten-year average of 517,000. The U. S. 1945 pear crop is at record high levels, 3 percent higher than last year and 15 percent above the average.

Pecans are an important crop in southern Illinois. This year's crop is estimated at more than one million pounds in contrast with 490,000 pounds in 1944 and a ten-year average of 549,000 pounds. The high water table along the lower Illinois River is causing some trouble, but the best prospects are in the Wabash and Ohio River areas. The United States crop is 3 percent less than the 1944 record production, but 40 percent larger than the recent ten-year average.

The vegetable outlook. The United States Department of Agriculture suggested that granted normal weather, production of vegetables in 1946 is expected to be in reasonable balance with anticipated demand for most commercial truck crops, intermediate and late potatoes, sweet potatoes and dry edible beans. It is entirely possible that 1946 production will be in excess of demand at support prices in the case of early potatoes and dry field peas. The season average price to be received by growers for 1946 vegetable crops are expected to be moderately lower than in 1945 for commercial truck crops and sweet potatoes and at or near support levels for potatoes, dry edible beans and dry field peas.

More workers on farms; combining costs rise. As a result of good weather which permitted farmers to speed up fall harvest operations, about 60,000 more persons were working on farms on November 1 than a year earlier. This is the first month since September 1943 that a significant increase over a year earlier has occurred in farm employment. It is probably a good indication of the easing of the farm labor situation associated with the return of the boys from the armed services.

The U. S. Department of Agriculture reports that rates paid by farmers for combining and harvesting of wheat, oats and soybeans have shown a sharp increase in recent years. Combining rates for the 1945 crop averaged $3.65 per acre for wheat and $3.60 per acre for oats compared with $1.90 for wheat and $2.30 for oats for the 1938 crop, the last year for which data are available. Rates for combining the 1945 crop of soybeans have averaged $3.80 per acre so far this season, with considerable variation between states.

Cold storage holdings of meats. On November 1, 1945, cold storage holdings of poultry were slightly less than in 1944 but almost 50 percent higher than the November 1 five-year average, 1940-44. Holdings of beef were about 50 percent higher than November 1 a year ago and 75 percent higher than the five-year average. Pork holdings are still extremely low--165 million pounds November 1, 1945, compared to 297 million pounds a year ago and the five-year average of 303 million pounds. Lard holdings are only one-third as large as the five-year average and about 40 percent as large as a year ago.

Argentina crop conditions favorable. In the November 12 issue of Foreign Crops and Markets, the U. S. Department of Agriculture reports that weather conditions in Argentina continue favorable for growing grain crops, with moisture supplies now generally ample. The seasons there are just the opposite of ours. Last year crop yields in Argentina were greatly reduced by a very severe drouth. We are interested in her crop prospects from both a humanitarian and an economic point of view. Argentina is an exporter of wheat, feed grains and flaxseed. Europe leaned heavily on her for feed supplies before the war. If she has a good crop this year, she will be able to supplement the available supplies of wheat and feed grains that can be sent to Europe from the United States and Canada. The acreage of grain in Argentina is about the same this year as last year. Wheat acreage is down, but an average yield would produce a crop of around 200 million bushels, or about 50 million bushels more than last year. Oats acreage is also down, but rye acreage is somewhat larger than average and barley acreage is the largest on record. It is expected that more rye and barley will be harvested rather than pastured because of the favorable price situation. Corn is just being planted now and a considerable increase in acreage is expected.

The public believes prosperity is certain. On the basis of a survey made in 123 cities and towns, Mr. Paul Ellison, of the Association of National Advertisers, reported "a sharp swing toward greater optimism" in comparison with a similar survey in 1944. Eighty-three percent of the 5,000 persons interviewed said they were as prosperous or more prosperous now than two years ago. Forty-eight percent planned to hold on to what they had saved during the war, while 13 percent intended to spend all of it. This "sharp swing toward greater optimism" is highly significant. Optimism leads to prosperity. Overoptimism may lead to excessive debts and speculation and a financial crash, but certainly prosperity was never built on pessimism. Mr. Ellison's survey indicated that most persons believed that they would be better off in a year or two than they are now, that there will be more jobs, lower taxes, and that wages will be about the same or lower.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared November 29)

Grain prices have remained firm during the past week. Bookings of corn at Chicago exceeded 600,000 bushels Monday (November 26) and were the heaviest in some time. Of the yellow corn inspected Tuesday, 12 cars graded No. 3, 27 cars No. 4, 80 cars No. 5, and 70 cars sample. The government announced Monday that it would entertain offers for No. 1 and No. 2 yellow corn to fill export demands. Few offers were submitted. There is no accumulation of corn at terminal markets. On November 27 commercial stocks of corn in the United States in store and afloat at domestic markets totaled 6,854,000 bushels. A year ago the comparable figure was 11,831,000 bushels, and the 1930-39 average for December 1 was 28,265,000 bushels.

Hogs brought 25 cents under ceiling prices first at interior Iowa and southern Minnesota points, then at Chicago as receipts at terminal markets increased. Receipts at Chicago stockyards, direct and salable, totaled 35,000 head Tuesday, November 27. This represented the largest number to be unloaded on any one day since last December 14. There is a prospect that, because of the large receipts, a bottleneck will develop in slaughtering facilities and hogs will continue to bring less than ceiling prices at Chicago. Cattle receipts are relatively large, but choice steers, yearlings and heifers continue to sell actively and fully steady at the highest prices of the year, considering quality.

There is evidently some misunderstanding concerning the soybean ceilings and support prices. Some farmers are complaining that, now that 85 to 90 percent of the soybeans have been sold from the farm, the government has raised the price. That is not the case. The support price for soybeans was announced months ago. However, processors recently bid up the price of soybeans above the support level. The result was that the government established a ceiling. The ceiling is 6 cents above the support price, namely, $2.10 a bushel for No. 2 yellow and green soybeans with not to exceed 14 percent moisture. The ceiling prices and premiums are the same as used last year under similar market conditions. OPA also renewed last year's allowance of 5 cents a bushel for handling at the country elevator and 2 1/2 cents a bushel for merchandisers. Farmers have gained the impression that, because beans are selling above the support price, a new support price has been established.

During the next few months the export of farm products will be an important factor affecting demand. If ways and means are found to satisfy the needs of large fractions of the population in Europe and Asia, we shall not need to worry about the depressing influences of possible surpluses in this country. However, exports are not made on the basis of need. They are made on the basis of willingness and ability to buy on the part of the recipients or willingness to buy and donate on the part of our government. Recent indications point to strength in the export market. Permission has been granted to eight foreign cash purchasing nations to purchase a total of 348,000 tons of wheat in the United States from commercial sources in December. In addition, preliminary estimates suggest exports of 180,000 tons of wheat in December for the account of the United Nations Relief and Rehabilitation Administration. About one-third of this is scheduled for China. Japan is in the market for large quantities of food.

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WHAT'S AHEAD IN EGG PRICES

By L. F. Stice, Extension Marketing Specialist

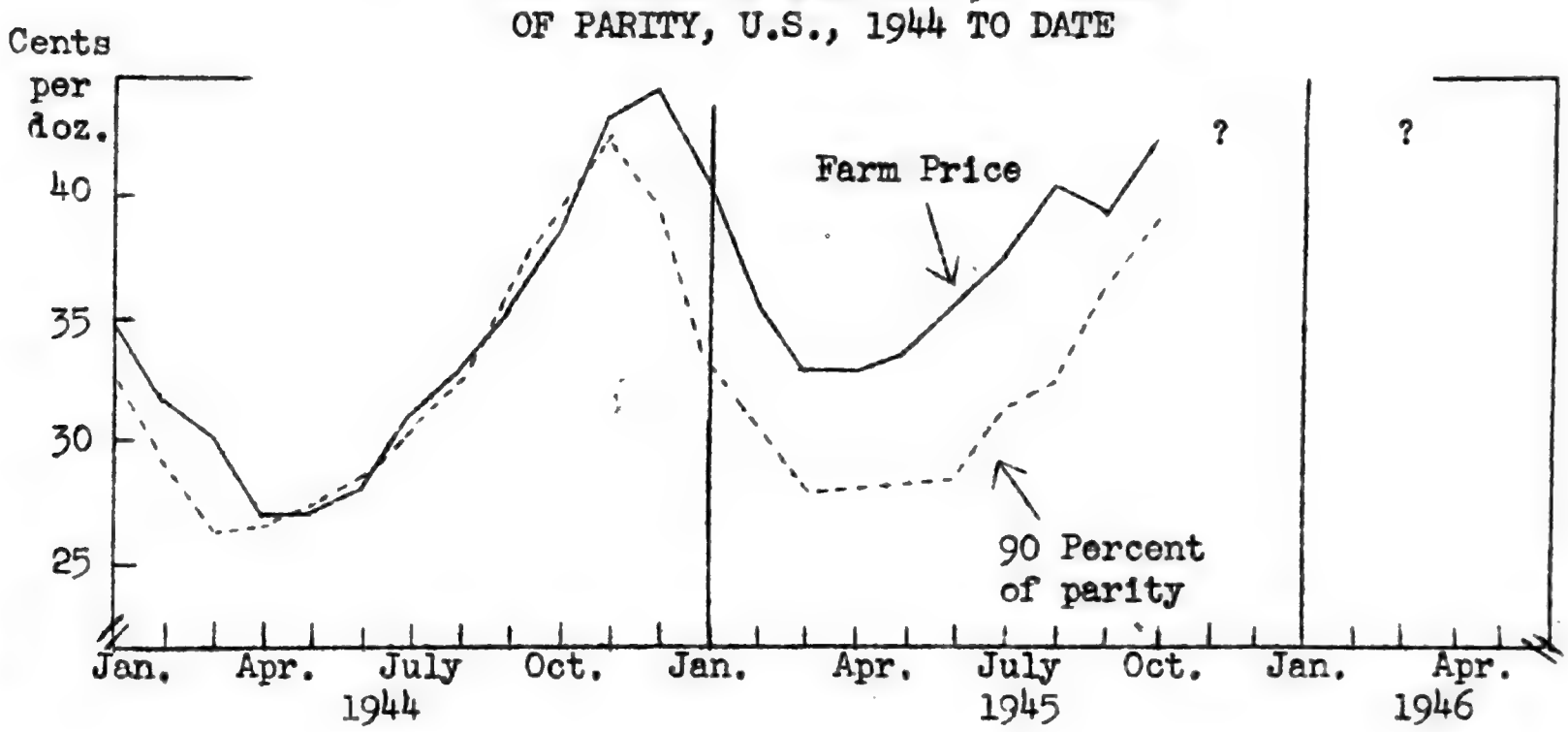
Egg prices this fall have been supported by the shortage of red meats and a lower level of farm egg production, but this situation will change in the first half of 1946. The future outlook may be summarized as follows:

Supply: The number of layers on farms January 1, 1946, is expected to be about the same as a year previous, and egg production in the first half of 1946 will be only slightly smaller than in the first half of 1945. This will result in civilian supplies of eggs nearly as large as the 1945 all-time high of 390 eggs per person. Prewar per capita consumption of eggs averaged 300-325 eggs annually.

Demand: Civilians will tend to consume fewer eggs per person in 1946 because of the more plentiful supplies of red meats and some reduction in consumer incomes. Military purchases will be reduced, and prospects for maintaining egg exports at wartime levels are uncertain. Exports of eggs, principally through lend-lease, have averaged about 10 percent of the total U. S. production annually in the past four years.

Prices: Egg prices will decline more than is normal from now to next spring. In parts of Illinois they will be near the government price support levels of 90 percent of parity, but the extent of the decline will depend largely on the export demand. The U. S. farm price of eggs has averaged above 90 percent of parity since October 1944.

FARM PRICE OF EGGS AND 90 PERCENT OF PARITY, U.S., 1944 TO DATE



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Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday November 28, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.80 1/2*	$1.80 1/2*
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.80**	.80-.80 1/2	.75 5/8	.74 1/2
Butter (92 score)	.46*	.46*		
Eggs (current receipts)	.446*	.446*		
Hog (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, November 24	12.5	12.5		

*Ceiling prices.
**Nominal. No cash sales.

Grain prices have remained firm during the past week with practically all receipts at Chicago being applied on previous commitments. Bookings of corn at Chicago exceeded 600,000 bushels Monday (November 26), and were the heaviest in some time. Tuesday receipts of corn at Chicago were 196 cars, which was considered fairly large for a Tuesday. Of the yellow corn inspected, 12 cars graded No. 3, 27 cars No. 4, 80 cars No. 5 and 70 cars sample. The government announced Monday that it would entertain offers for No. 1 and No. 2 yellow corn to fill export demands. Few offers were submitted. There is no accumulation of corn at terminal markets. On November 27 commercial stocks of corn in the United States in store and afloat at domestic markets totaled 6,854,000 bushels. A year ago the comparable figure was 11,831,000 bushels, and the 1930-39 average for December 1 was 28,265,000 bushels. Comparable figures for other grains on November 27 and the 1930-39 average (in curves) were as follows: Wheat, 128 million bushels (140 million bushels); oats, 45 million bushels (29 million bushels; and rye, 4 million bushels (10 million bushels).

Hogs brought 25 cents under ceiling prices first at interior Iowa and southern Minnesota points, then at Chicago as receipts at terminal markets increased. Receipts at Chicago stockyards, direct and salable, totaled 35,000 head Tuesday, November 27. This represented the largest number to be unloaded on any one day since last December 14. There is a prospect that, because of the large receipts, a bottleneck will develop in slaughtering facilities and hogs will continue to bring less than ceiling prices at Chicago. Cattle receipts are relatively large, but choice steers, yearlings and heifers continue to sell actively and fully steady at the highest prices of the year, considering quality. More than 50 loads of fed steers and yearlings, scaling 930 pounds upward, brought the $18 ceiling Tuesday, November 27. Receipts of slaughter lambs have declined recently, as many producers are undoubtedly planning to market after December 1 in order to benefit by the 50-cent boost in subsidy payments on weights of 65 pounds and over. Slaughter lamb prices have held

steady following the recent advance. Tuesday, November 27, a load of 114-pound Illinois fed lambs brought $15.25 at Chicago. Adding to this a feeder's subsidy of $2.15 brought the gross return to $17.40. This load of feeders was bought at Chicago last September at $15, weighing 87 pounds.

Soybean price ceilings. There is evidently some misunderstanding concerning the soybean ceilings and support prices. Some farmers are complaining that, now that 85 to 90 percent of the soybeans have been sold from the farm, the government has raised the price. That is not the case. The support price for soybeans was announced months ago. However, processors recently bid up the price of soybeans above the support level. The result was that the government first threatened to place a ceiling on soybeans and November 2 established a ceiling. The ceiling is 6 cents above the support price, namely, $2.10 a bushel for No. 2 yellow and green soybeans with not to exceed 14 percent moisture. The ceiling prices and premiums are the same as used last year under similar market conditions. However, they were established a little earlier in the soybean marketing season than last year. Usually they are set during January or February. OPA also renewed last year's allowance of 5 cents a bushel for handling at the country elevator and 2 1/2 cents a bushel for merchandisers. Farmers have gained the impression that, because beans are selling above the support price, a new support price has been established.

Export outlook for farm products. During the next few months the export of farm products will be an important factor affecting demand. If ways and means are found to satisfy the needs of large fractions of the population in Europe and Asia, we shall not need to worry about the depressing influences of possible surpluses in this country. However, exports are not made on the basis of need. They are made on the basis of willingness and ability to buy on the part of the recipients or willingness to buy and donate on the part of our government. Recent indications point to strength in the export market. Permission has been granted to eight foreign cash purchasing nations to purchase a total of 348,000 tons of wheat in the United States from commercial sources in December. The largest purchasers would include the United Kingdom, 112,500 tons; Belgium and Holland, 100,000 tons each; with smaller purchases ranging from 5,000 to 8,500 tons to Brazil, Spain, Portugal, Sweden and Colombia. In addition, North Africa and France may buy more wheat. Preliminary estimates suggest exports of 180,000 tons of wheat in December for the account of the United Nations Relief and Rehabilitation Administration. About one-third of this is scheduled for China. General MacArthur announced that he had granted permission to the Japanese government to resume foreign trade and to import a total of 3 million tons of foodstuffs from North America, with the restrictive qualification that the amounts will depend upon availability of shipping and world supply. Officials of the United States Department of Agriculture do not see how such a large quantity of foods could be made available to Japan.

CCC reduces selling price of wool. The United States Department of Agriculture reduced the selling prices on sales of 1943,11944 and 1945 wool owned by the Commodity Credit Corporation, on the average, about 7 cents a pound (grease basis) lower than the prices under the original schedule. This was done to permit resumption of sales of domestic wool at prices in line with prices for comparable foreign wool, and will permit the CCC's inventory of about 421 million pounds to move into domestic channels. Total U. S. stocks are about 860 million pounds, but they include both government-owned wool and foreign holdings. The amended schedule applied only to selling prices, and handlers will continue to purchase wool from producers, pools and secondary handlers under the 1945 agreement on the same basis as in the past.

Oats facts. A record crop of almost 1.6 billion bushels of better-than-average-quality oats was harvested this year. Disappearance of oats for the third quarter of 1945 was 10 percent larger than last year but smaller than in the same months of 1943. As a result of the excellent demand for feed, prices have remained at about last year's high level and 60 percent above the recent 10-year average. No. 3 white oats at Chicago averaged 67 cents a bushel on October compared with 68 cents a year ago, 81 cents in 1943 and 42 cents for the 10-year October average. During the 10-year (1934-43) period, the October average price of oats was 3 cents less per hundred pounds than corn. The recent advance in oats prices has placed oats at some disadvantage compared to corn as a feedstuff, if corn can be obtained.

Poultry and eggs. In a special section of this letter, Professor Stice discusses the outlook for egg prices. Egg prices have recently strengthened on the basis of reports that the army would become more aggressive in its procurement of top-grade eggs. The future of egg prices hinges very largely on the demand from the army and for export. The stronger these forces, the longer will be the delay in the anticipated decline in egg prices.

Agricultural Statistician A. J. Surratt reports that the commercial hatchery output in Illinois during October was 44 percent above the year earlier and exceeded all records for October. However, prices for chickens and commercial broilers have weakened recently, and many hatcheries have cut off their machines. Those still operating had many more chicks on order November 1 than a year earlier. Hatchings during the first 10 months of this year totaled 131 million chicks, 34 percent above 1944 and 12 percent above 1943 for the same months. The output of chicks during October for the United States was also the highest on record, 43 percent above last year and 5 percent above the previous record in October 1943.

Farm flocks laid more than 3 billion eggs in October, 5 percent less than in October last year but 43 percent above the 10-year (1934-43) average for the month. The number of layers in farm flocks during October was 5 percent less than October last year but 22 percent above the 10-year October average. The number of layers on hand during October in Illinois was 18.0 million compared to 18.7 million last year. Egg production per hen was about the same, and total egg production declined with the decline in number of layers. For the United States there were 357 million layers on hand this year compared with 376 million last year.

More flaxseed in prospect from Argentina. U. S. domestic consumers can count on about 15 million bushels of flaxseed from Argentina, according to the U. S. Department of Agriculture. The new crop is about ready to harvest, and the yield is good. Argentina will have available for export about 47 million bushels. Under an existing agreement between the United States and Argentina, all the exportable surplus will be made available to the United States, from which this country will supply needs of other nations, retaining 15 million bushels for our use.

The National Grange farm platform. At their annual session at Kansas City November 27, the National Grange adopted a ten-point postwar farm program. The basic principles of the ten-point program include recommendations for the conservation of natural resources and for discontinuance of the subsidy system. They recommended that farmers be allowed an equitable share of the national income through modernized parity and fair market prices. They asked for two price systems for exports and international commodity agreements to assure farmers a fair share of world markets at stable

prices. A surplus commodity commission was suggested for emergency action in meeting occasional surpluses that are bound to arise in any attempt to obtain balanced abundance.

Economic analysts must take cognizance of the wishes of farm organizations They usually express the desires of a large number of voters and therefore have considerable weight in Congress. Economists are not at liberty to forecast prices on the basis of assuming a free market for farm products. That is, the demand for farm products cannot be assumed to be based on the willingness and ability of individual consumers to pay certain prices for the quantity of farm products produced and held in store. Government action in the way of commodity loans, government purchases for distribution as gifts or to be held in storage, and export subsidies are some of the important factors in price determination.

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Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By G. L. Jordan
Professor, Agricultural Economics
(Prepared December 6) 1945

Following the collapse in hog prices beginning November 30, there was a sharp recovery Tuesday, December 4. At Chicago $14.85 was again paid for numerous loads of barrows and gilts. This recovery verifies the opinion that the demand for pork is especially strong and that the only reason for a decline in prices below the ceiling is the development of bottlenecks in slaughtering. So long as receipts do not exceed slaughtering facilities, the price of hogs is likely to remain strong. Farmers as a whole would seem to be well advised to top their hogs, selling only those which have reached the heavier weights and thus preventing gluts on the market during December and January. Packers probably will be able to handle more hogs in January than in December, but heavy runs may continue to cause price declines during the next few weeks.

Wheat and corn prices have been firm at the ceiling. Oats prices have been steady, but rye prices have declined substantially. The collapse in rye prices was probably accelerated by the new ceiling on rye at $1.42 a bushel beginning June 1.

Announcement has been made that no more grain of any kind will be used for the production of grain alcohol to be used to produce synthetic rubber. Butadiene, which is used in rubber manufacture, costs about 40 cents a pound when made from alcohol compared with eight to 10 cents a pound from petroleum.

National production goals have been announced. State goals will be worked out in detail during December. Production is expected to provide for a civilian per capita consumption higher than during war years. Goals for feed grains, including corn, barley, oats and grain sorghums, are all at or slightly above 1945 indicated production. The goal of soybeans for beans is reduced 10 percent, corn up 3 percent, oats unchanged and barley up 9 percent; all tame hay up 1 percent and hay seeds up 16 percent. In general a decline is expected in numbers of livestock on farms. The goals call for 2 percent reduction in milk production, a decline of 13 percent in the number of hens and pullets on farms January 1, a decline of 15 percent in egg production, a decline of 17 percent in the number of chicks raised on farms, a decline of 10 percent in the number of turkeys raised, an increase of 1 percent in spring pigs saved, a decline of 2 percent in the number of cattle and calves on farms December 31 and a decline of 3 percent in the number of beef cattle on farms December 31. No change is called for in the number of sheep and lambs on farms.

Prices received by farmers averaged 117 percent of parity in mid-November compared with 114 percent in October and 115 percent a year ago.

I understand that the corn loan in Illinois will be 3 cents a bushel higher than last year. This differential probably will apply to each county.

The purchasing power of the Chinese dollar in Shanghai is only 2.3 cents. This severe inflation is attributed to an influx of U. S. and Chinese money, suspended production, population increase and hoarding. Large supplies of money and restricted production of manufactured goods may lead to more inflation in the U. S.

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Cooperative Extension Work in Agriculture and Home Economics: University of Illinois College of Agriculture and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.

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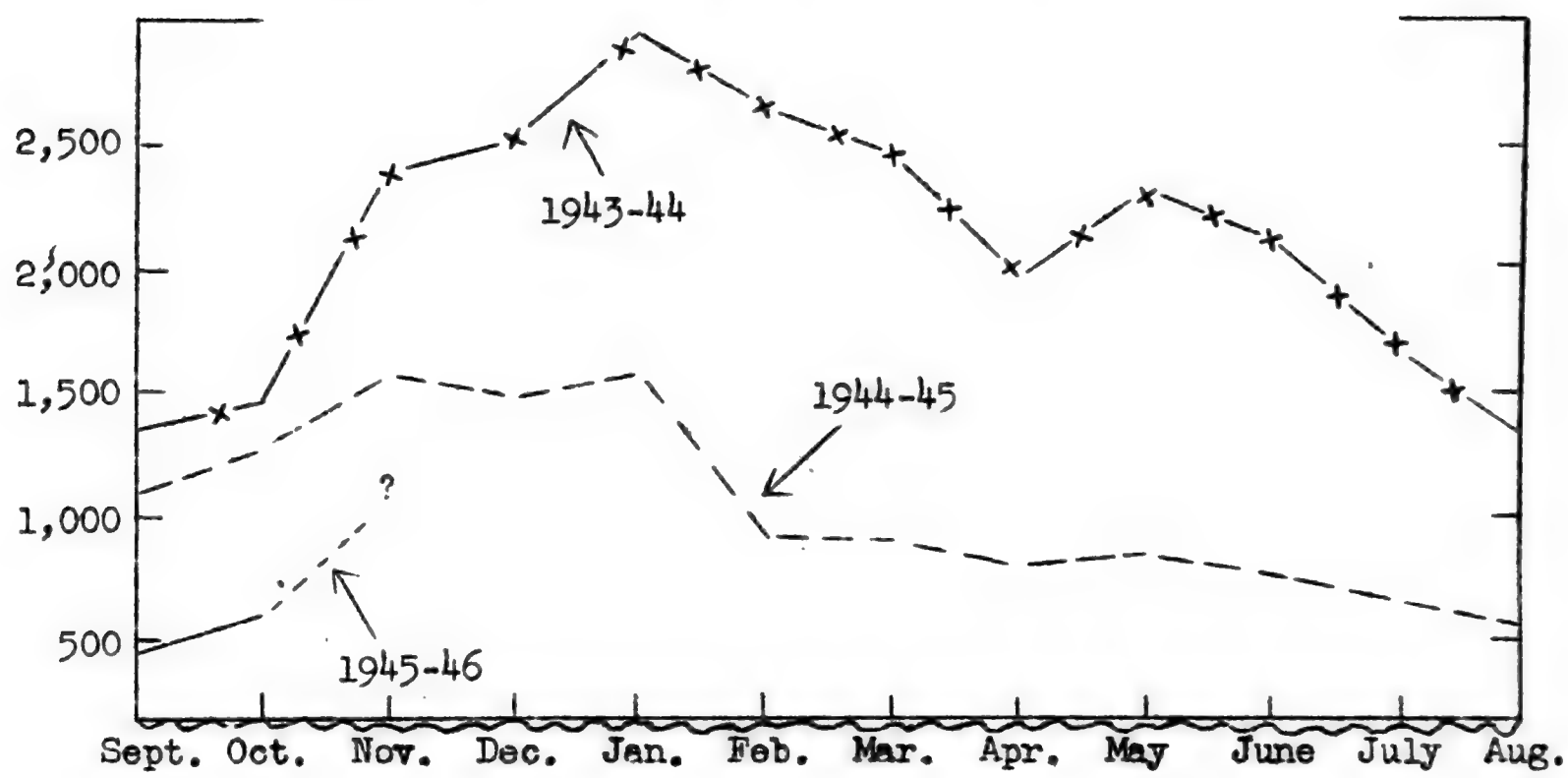
THE HOG PRICE SITUATION

By L. F. Stice, Extension Marketing Specialist

Last week's break in hog prices, the first noticeable one since mid-January of 1945, raises the question of whether hogs should be held to heavier weights or marketed now. The answer to this question depends partly upon the weights of hogs and the quality of corn on hand.

Prospective supplies of pork are not large in relation to demand. Storage stocks of pork on November 1, 1945, were down 45 percent from a year previous and the smallest on record. The 1945 spring pig crop is 7 percent less than the 1944 crop. However, there are indications that marketings have been delayed this fall and may be bunched more than normally in the winter months. Since last February, monthly receipts of salable hogs at the 12 public markets have been less than half of those of a year previous (see chart). But combined receipts for the first four days of last week at 12 public markets, 19 concentration points and 11 packing plants in interior Iowa and southern Minnesota were nearly as large as a year ago. Although shortage of packing plant labor--one reason for the present price decline--may improve after the first of the year, hog prices will likely remain below ceilings through the season of heavy hog marketings.

MONTHLY RECEIPTS OF SALABLE HOGS AT 12 PUBLIC MARKETS
SEPTEMBER 1943 TO OCTOBER 1945



WEEKLY MARKET REVIEW AND FARM OUTLOOK

By G. L. Jordan
Professor, Agricultural Economics

(Prepared December 6)

(Highlights of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		December futures (close)	
	Wednesday December 5, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.80 1/2*	$1.80 1/2*
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.78-.79 3/4	.80**	.75 1/2	.75 5/8
Butter (92 score)	.46*	.46*		
Eggs (current receipts)	.446*	.446*		
Hogs(top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, December 1	12.2	12.5		

*Ceiling prices.
**Nominal. No cash sales.

Following the collapse in hog prices beginning November 30, there was a sharp recovery Tuesday, December 4. At Chicago $14.85 was again paid for numerous loads of barrows and gilts. This recovery verifies the opinion that the demand for pork is especially strong and that the only reason for a decline in prices below the ceiling is the development of bottlenecks in slaughtering. So long as receipts do not exceed slaughtering facilities, the price of hogs is likely to remain strong. Cattle marketings have fallen off within the past week, and this decline may have contributed strength to the hog market as well as steadiness to the cattle market. Farmers as a whole would seem to be well advised to top their hogs, selling only those which have reached the heavier weights and thus preventing gluts on the market during December and January. Packers probably will be able to handle more hogs in January than in December, but heavy runs may continue to cause price declines during the next few weeks. Producers held back lambs during the latter part of November, waiting for the increase in the subsidy December 1. However, lamb prices declined after reaching a peak Wednesday, November 28. The decline in many cases more than offset the increase in subsidy. Prices were more nearly steady Tuesday, December 4.

Wheat and corn prices have been firm at the ceiling. Oats prices have been steady, but rye prices have declined substantially and there have been heavy deliveries of rye to fulfill commitments on December contracts. The collapse in rye prices was probably accelerated by the new ceiling on rye at $1.42 a bushel beginning June 1.

Announcement has been made that no more grain of any kind will be used for the production of grain alcohol to be used to produce synthetic rubber. The Office of Rubber Reserve indicated that butadiene, which is used in rubber manufacture, costs

40 cents a pound when made from alcohol compared with eight to 10 cents a pound from petroleum. That made the cost of alcohol synthetic rubber around 24 1/2 cents a pound compared with 12- or 13 cent-rubber from the petroleum butadiene plants on the Gulf Coast. The petroleum plants can produce enough butadiene to make 600,000 tons of general-purpose synthetic rubber annually. The estimated need for the next 12 months is 550,000 tons in addition to the 300,000 tons of natural rubber which is expected to come from liberated and other areas.

Production goals for 1946. National production goals have been announced. State goals will be worked out in detail during December by interested federal and state agencies, farm organizations and other interested groups. One of the objectives in the new goals is to restore a better balance between soil-depleting and soil-conserving crops. Production is expected to be maintained at a very high level and will provide, presuming favorable weather, a civilian per capita consumption higher than during war years and a substantial amount for export to countries seriously in need of food. Goals for feed grains, including corn, barley, oats and grain sorghums, are all at or slightly above 1945 indicated production. The goal of soybeans for beans is reduced 10 percent, corn up 3 percent, oats unchanged and barley up 9 percent. All tame hay is up 1 percent and hay seeds up 16 percent. In general a decline is expected in numbers of livestock on farms. The goals call for 2 percent reduction in milk production, a decline in 13 percent in the number of hens and pullets on farms January 1, a decline of 15 percent in egg production, a decline of 17 percent in the number of chicks raised on farms, a decline of 10 percent in the number of turkeys raised, an increase of 1 percent in spring pigs saved, a decline of 2 percent in the number of cattle and calves on farms December 31 and a decline of 3 percent in the number of beef cattle on farms December 31. No change is called for in the number of sheep and lambs on farms.

Food economists of the United States Department of Agriculture say that the average American will be at least as well fed in 1946 as he has been in 1945. They forecast a relatively high civilian level of nutrition for the country as a whole during the coming year, assuming that commercial food production continues large, that families continue to have home vegetable gardens and that any surpluses are well distributed. The calory content of American meals next year is likely to be higher than this year because meats, fats and oils and possibly sugar are expected to be in larger supply. The anticipated 3,500 calories daily per capita is 7 or 8 percent more than the average for the prewar years and ample for our needs. American meals may have less vitamins A and C if incomes decline, because of the tendency to buy fewer vegetables and fruits. Any decline in the consumption of milk would result in the consumption of less calcium and riboflavin. The consumption of B-vitamins and iron will depend partly upon whether bread and flour continue to be enriched at present levels.

U. S. farm prices average 117 percent of parity in November. As a result of a rise in the general farm commodity price level to 205 percent of its 1909-14 average and no change in the index of prices paid, interest and taxes, prices received by farmers averaged 117 percent of parity in mid-November compared with 114 percent in October and 115 percent a year ago. U. S. prices ranked in the following order as a percentage of parity:

Apples	183	Chickens	120	Potatoes	102
Turkeys	131	Rye	119	Eggs	100
Wool	129	Veal calves	114	Wheat	99
Lambs	124	Hogs	110	Corn	99
Soybeans	124	Milk	109	Oats	97
Beef cattle	120	Butterfat	103	Barley	97
				Hay	72

Livestock receipts for November. Receipts of salable cattle at 12 public markets for November were 3 percent above a year ago. Calf receipts were down 3 percent, hog receipts were down 27 percent and receipts of salable sheep and lambs were down 23 percent. The average weight of barrows and gilts received at Chicago during November was 259 pounds compared with 231 pounds a year ago.

Corn loan. Although I received no official communication, I understand that the corn loan in Illinois will be 3 cents a bushel higher than last year. This differential probably will apply to each county.

Rye supplies small. Rye prices are the highest since 1920 and are about 50 percent above the prewar ten-year average and 40 percent above last year as a result of the smallest supplies since 1924 and an urgent demand. The rye price ceiling has been set at $1.42 for No. 2 rye at Chicago, and the goal for 1946 stands at 23 percent above the 1945 indicated production.

The dairy situation. The United States Department of Agriculture expects prices received by farmers for whole milk sold at wholesale to average somewhat lower in 1946 than in 1945, particularly in the flush production season, if price ceilings on dairy products are continued at present levels. If ceilings are removed early in 1946, prices of whole milk probably will average at least as high in 1946 as in 1945. A further increase in the price of butter, either an increase in or the removal of the ceiling, would be followed by diversion of some milk to butter production, which is at the lowest level in over 20 years. Such a rise in butter prices would strengthen farm prices of both butterfat and whole milk.

Demand for farm products to remain high this winter. In spite of the decline that is expected in consumer earnings, expenditures for food products will remain about the same during the rest of the winter as at present, according to an estimate of the U. S. Department of Agriculture. Consumers probably will earn less but will also save less and pay less in income taxes. Exports of farm products are expected to be greater than in any prewar year, but probably will decline from the wartime level. During the latter part of 1946 the demand for farm products will probably decline, but not much change in farm prices is anticipated. Any price declines would be limited by the operation of the Stabilization Act of 1942, which provides for price support at not less than 90 percent of parity for a large number of farm products. A decline to mandatory support levels would present a decline of about 15 percent under present levels, assuming no change in parity. With the agitation for increased industrial wages, which affects costs of many commodities farmers buy, there does not seem to be any likelihood of an appreciable decline in parity levels in the near future.

Canada has short grain crop. As a result of substantial reductions in yields of grain in the Prairie Provinces, Canada's grain production in 1945 will be substantially below 1944. Comparable production figures follow:

Item	1945 (Million bushels)	1944 (Million bushels)
All wheat	308.6	435.5
Oats	378.3	499.6
Barley	156.3	199.7
Rye	6.0	8.5
Mixed grains	46.8	57.4

China demoralized by inflation. A press association report from Shanghai says that the October price index was 40 times higher than the 1936 level. The purchasing power of the Chinese dollar is only 2.3 cents. The Wage Arbitration Board that made this report attributed the rise to an influx of U. S. and Chinese money, suspended production, population increase and hoarding.

On the same date Chester C. Davis, president of the Federal Reserve Bank of St. Louis, said that the material and human resources of the United States must be used to the fullest possible extent if we are to live under a 300-billion-dollar debt. He said that the present money supply, consisting of time and demand bank deposits and currency in circulation, totaled 170 million dollars, which is three times the high point in 1929, the peak of the business boom. Mr. Davis said, "We cannot gauge the power of the force. The inflationary potential is so great that the only thing we can rely on is fast and abundant production."

Prices depend upon the relationship between the quantity of money people have and are willing to spend and the quantity of goods and services available. That is illustrated by the Chinese situation and is the basis for Mr. Davis' concern.

Latin American monetary reserves increased. The ability of foreign countries to purchase goods in this country depends on their holdings of gold and the equivalent of American dollars. Since August 1939 the monetary gold reserves of the Latin Americas have increased tremendously. They are now about four times the prewar level. The largest rise was in Argentina; Brazil ranked second and Mexico third. Gold reserves also increased by a large amount in the Union of South Africa and Switzerland. In contrast to this, the holdings of many other countries, chiefly the belligerents, were reduced substantially as a result of the war. Britain is borrowing at least four billion dollars from the U. S. to bolster her depleted reserves and to provide operating capital.

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12/6/45

Extension Service in Agriculture and Home Economics
University of Illinois College of Agriculture, Urbana

WEEKLY REVIEW AND FARM OUTLOOK LETTER

By Oren L. Whalin
Associate Professor of Agricultural Extension
(Prepared December 27) 1945

The weather slowed up market receipts for the week. Sheep advanced in price and all classes of hogs remained strong. All classes of cattle closed the week down from a week earlier some as much as a dollar a hundredweight. All grain prices remained strong at or near ceiling levels.

The total 1945 pig crop is now reported as practically the same as for 1944 but 29 percent below that for 1943. In spite of the smaller 1945 spring pig crop the number of hogs over six months old on farms December 1, 1945, was about the same as a year earlier. Indications point to a four percent increase in sows to farrow in the spring of 1946 as compared with the spring of 1945.

Tentative state goals call for production from Illinois farmers in 1946 as compared to 1945 as follows:

	(percent)		(percent)
Corn	101	Spring pigs	100
Oats	104	Sheep	100
Wheat	110	Milk cows	98
Soybeans for grain	88	Milk	100
Hay	101	Chickens raised	81
Broom corn	225	Turkeys raised	93
Red clover seed	105	Eggs	83
		All cattle	98

The government's intention to allow the trade to work out a solution for the current acute protein shortage was emphasized as the Department of Agriculture declined to put into force a control order on proteins mainly because such a regulation would be almost beyond enforecement. The advisability of such an order is being studied, yet regardless of the final decision no regulatory action will be taken before the first of the year, it was stated by agriculture officials. The only relief likely, government feed men said, must come from within the trade itself.

The 1946 federal egg support program has been disclosed by the Commodity Credit Corporation to interested parties. It is based on a national average of 29 cents a dozen for the first six months, and is expected to cost in the neighborhood of $250,000,000. Official announcement is expected daily. The program calls for government purchases of dried and frozen eggs in carload lots, if necessary.

In establishing a figure for support purchases, the government arrived at 29 cents a dozen because this reflects 90 percent of parity as of November 1. The average price scheduled for the middle western egg area will be 27 cents a dozen, it was learned. The government will buy shell eggs on a basis of wholesale and procurement grades. No eggs will be bought direct from the producers. Purchases will be made in carload lots at as near farm price levels as possible.

Prospects for 1946 indicate moderate increases in charges for marketing most farm products. Increases will not be uniform for all products, and probably will be large for only a few foods, particularly meat products.

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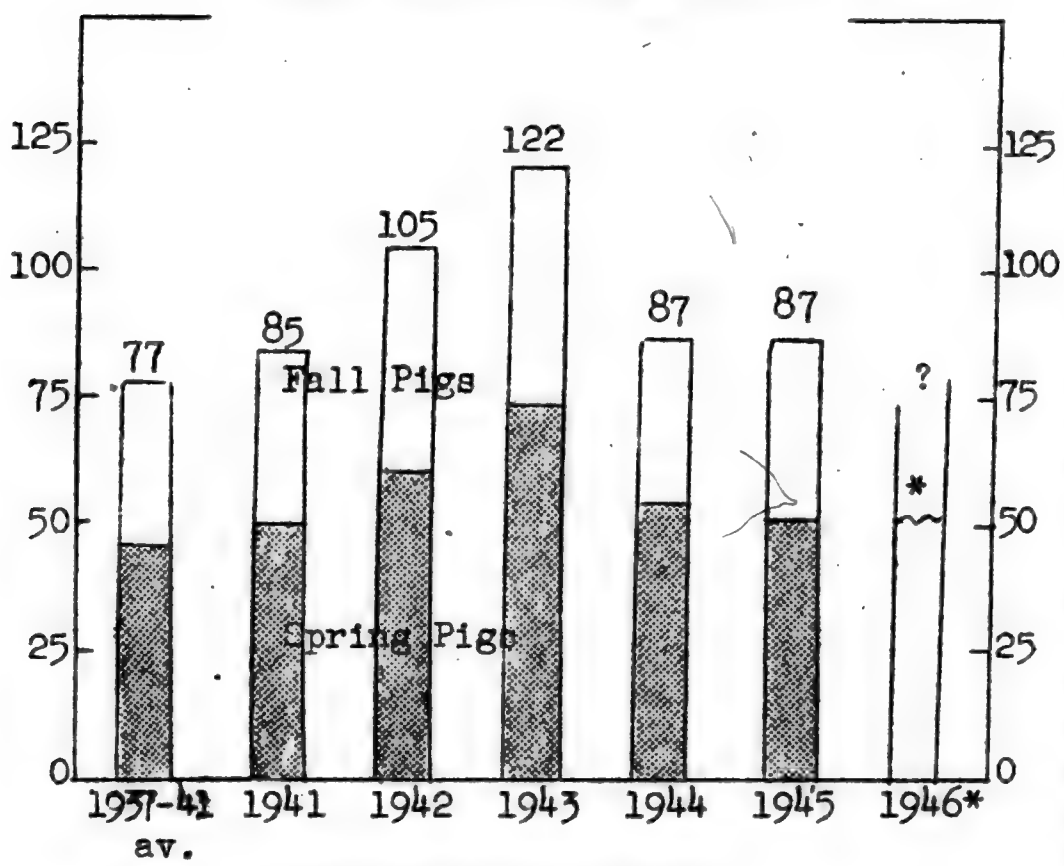
THE HOG SITUATION

By L. F. Stice, Extension Marketing Specialist

The December 1 pig crop report of the U. S. Department of Agriculture does not change the 1946 hog price outlook significantly. Whereas earlier reports had indicated a 1946 spring pig crop of the same size as in 1945, this report indicates a 2 percent increase. A 7 percent increase is expected in the eastern corn-belt states which reflects the larger 1945 corn crop particularly in Indiana and Ohio. It is likely that 1946 spring pigs will be farrowed earlier than in the last two years, which will result in earlier marketings next fall than this year. Support prices decline after September 30, 1946, and reach a low of $10.75 in December 1946, Chicago basis, for good to choice barrows and gilts. However, the demand is expected to be good enough that market prices will not reach this level, although a decline is to be expected.

PIG CROPS, U.S., SPRING, FALL, AND TOTAL, 1937-1941 AV., 1941-1945



*Preliminary estimate

The 12 percent larger 1945 fall pig crop will be reflected in heavier marketings in the late spring of 1946. Prices are expected to drop below the ceilings at this time but should remain above the support level of $13.

It is difficult to analyze the situation for 1946 fall pigs at this time. A tight corn situation next spring and summer will likely result in a 1946 fall pig crop smaller than the 35 million head raised this fall. Consumer incomes will likely be good in the spring of 1947 when these pigs will be marketed, but the number of cattle fed next winter, export demand and the size of the 1946 corn crop, all unpredictable factors, will influence hog prices in 1947.

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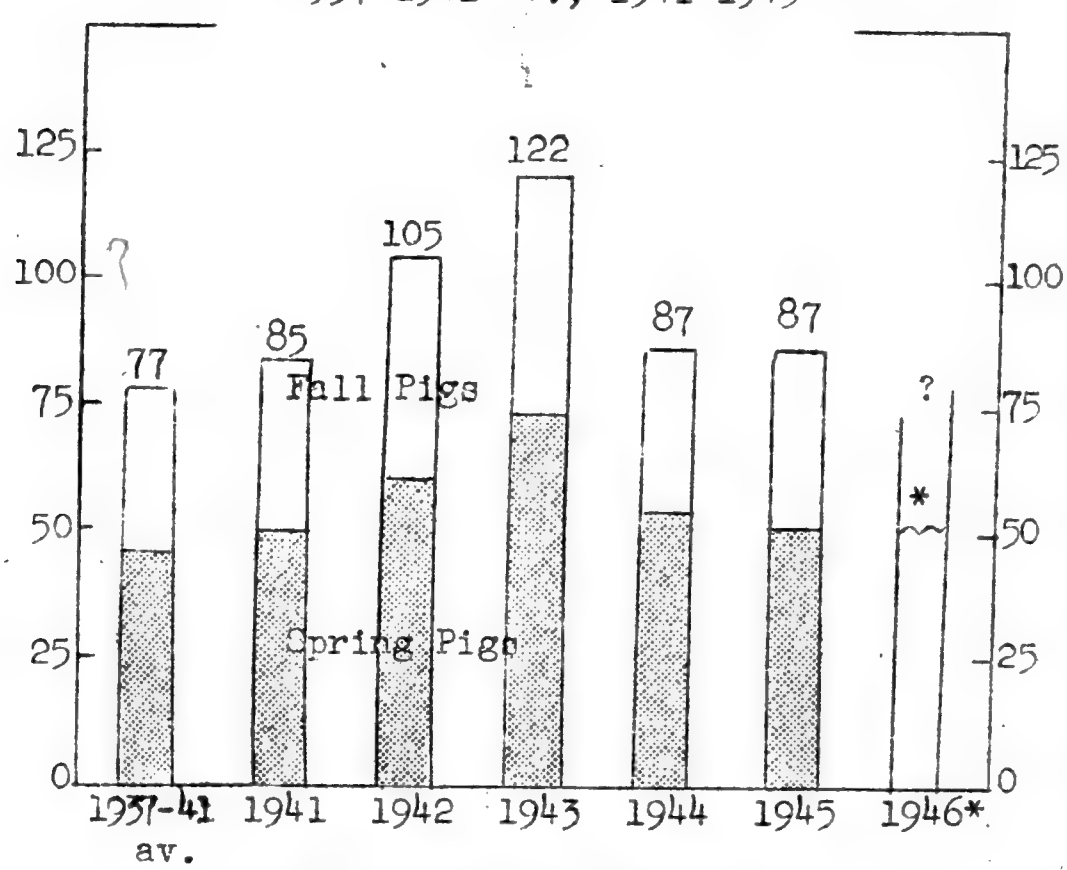

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By Oren L. Whalin
Associate Professor of Agricultural Extension

(Prepared December 27)

(Highlighs of the Weekly Market Review and Farm Outlook are broadcast each Friday from 12:48 to 12:55 p.m., as part of the Illinois Farm Hour, Station WILL, 580 kilocycles.)

Commodity Prices at Chicago

	Cash		May futures (close)	
	Wednesday December 26, 1945	Week ago	Wednesday	Week ago
Wheat (No. 2 red)	$ 1.79**	$ 1.79**	$1.80 1/2*	$1.80 1/2*
Corn (No. 2 yellow)	1.18 1/2**	1.18 1/2**	1.18 1/2*	1.18 1/2*
Oats (No. 2 white)	.82*	.82**	.77 1/2-5/8	.76 5/8
Butter (92 score)	.46*	.46*		
Eggs (current receipts)	.415	.436		
Hogs (top price paid)	14.85*	14.85*		
Cattle (top price paid)	18.00*	18.00*		
Hog-corn ratio, Chicago, December 22	12.5	12.5		

*Ceiling prices.
**Nominal. No cash sales.

The weather slowed up market receipts for the week. Sheep advanced in price and all classes of hogs remained strong. All classes of cattle closed the week down from a week earlier some as much as a dollar a hundredweight. All grain prices remained strong at or near ceiling levels.

Pig crop. The total 1945 pig crop is now reported as practically the same as for 1944 but 29 percent below that for 1943. In spite of the smaller 1945 spring pig crop the number of hogs over six months old on farms December 1, 1945, was about the same as a year earlier. Indications point to a four percent increase in sows to farrow in the spring of 1946 as compared with the spring of 1945.

1946 outlook and goals. Despite reconversion problems in industry, farmers can look forward in the coming year to a strong demand, at good prices, for agricultural products because of large wartime savings, removal of most wartime restrictions, prospective tax reductions, and a high level of exports and foreign relief shipments according to Howard R. Tolley, chief, USDA Bureau of Agricultural Economics. He says that farm prices in 1946 may be slightly below the record 1945 levels, but they are expected to assure farmers a net income double the 1935-39 average and higher than any year prior to 1943. Farmers generally are emerging from the war with an agricultural plant in much better conditions than after World War I.

Secretary of Agriculture Clinton P. Anderson stated in releasing tentative 1946 national goals that the 1946 goals indicate a pattern of production which provides high output of commodities for which wartime demand is continuing, and shifts toward peacetime levels for others. Recognition was given to the need for increased conservation of our soil resources. Secretary Anderson emphasized that the 1946 goals represent the actual desired production. Producing during peacetime calls for more careful planning, so that we may have the right things in the right amounts.

Illinois tentative 1946 goals approved by the state goals committee composed of representatives of the University of Illinois College of Agriculture and other agricultural agencies and farm organization follow very closely the pattern suggested by College of Agriculture production capacity committee report of last July. They call for production from Illinois farmers in 1946 as compared to 1945 as follows:

	(percent)		(percent)
Corn	101	Spring pigs	100
Oats	104	Sheep	100
Wheat	110	Milk cows	98
Soybeans for grain	88	Milk	100
Hay	101	Chickens raised	81
Broom corn	225	Turkeys raised	93
Red clover seed	105	Eggs	83
		All cattle	98

It was recognized that where a reduction was called for that it should not be uniform over the state. When final goals are announced they will be broken down to the county.

Wheat situation. The USDA estimates that farmers have increased 1945 fall wheat seedings 3.6 percent above that of 1944. With present conditions this with a comparable spring acreage offers the possibility of another large wheat crop. Present indications are that such will be needed. The combined Food Board of the United Nations foresees a 1946 world wheat demand of 30 million tons, while the aggregate estimated exportable surplus of producer countries, United States, Canada, Argentina and Australia, is set at 24 million tons under average growing conditions. In this light the prospects for domestic wheat farmers in the coming year are exceedingly bright, government officials stated.

Protein feed situation. The government's intention to allow the trade to work out a solution for the current acute protein shortage was emphasized as the Department of Agriculture declined to put into force a control order on proteins mainly because such a regulation would be almost beyond enforcement. The advisability of such an order is being studied, yet regardless of the final decision no regulatory action will be taken before the first of the year, it was stated by agriculture officials. The only relief likely, government feed men said, must come from within the trade itself.

Exports of fruits and vegetables. C. W. Kitchen, assistant administrator of the Production and Marketing Administration, USDA, states that, based upon the information now available, exports of fruits and vegetables during the next few years are not likely to be very substantial. Although there are many would-be consumers in foreign lands, conditions of one kind or another are likely to limit the movement into other countries of American produced horticultural commodities. Among these conditions in Europe are: (1) available dollar exchange; (2) deficiency in purchasing power in importing countries; (3) competition from areas with lower price structures; and (4) probably increased demand in domestic markets for most of these products. Before the war in Europe, the continental countries were the principal receivers of American exports of fresh and processed fruits. For example, the United Kingdom, France, Belgium, the Netherlands, Scandinavia and Germany took about 80 percent of our exports of fresh apples during the five-year period 1934-38, about 75 percent of our pears and dried fruit exports, 40 percent of the fresh citrus exports, and 95 percent of all our

canned fruit exports. With the possible exception of Sweden, these countries during the next few years will probably have considerable difficulty in paying for imports from the U.S., even with special credit arrangements.

Milk and dairy prospects. Milk production in 1946 will probably reach at least the estimated demand of 118,000,000,000 pounds but is expected to be short of the record high production total of 123,000,000,000 pounds set in 1945, accoring to the Department of Agriculture.

About half as much milk is expected to be exported in the coming year as was shipped overseas this year. Export milk will be in the form of cheese, evaporated milk and milk powders and will probably reach 2,500,000,000 to 3,000,000,000 pounds.

If the price ceiling removal takes place in 1946, prices on butter, fluid milk and butter fat are expected to be materially higher than this year. If price control continues at present levels, farmers' prices for whole milk will probably decline.

Despite recent Department of Agriculture indications of early removal of payments to dairy farmers, there seemed little likelihood today that these subsidies could be legally removed at this time. They apparently will remain in force until March or until funds are exhausted.

An increase in butter ceilings to stimulate production was also discounted. It is known that the secretary of agriculture is opposed to ceilings on butterfat to make the production of butter more attractive to producers.

Egg situation. The 1946 federal egg support program has been disclosed by the Commodity Credit Corporation to interested parties. It is based on a national average of 29 cents a dozen for the first six months, and is expected to cost in the neighborhood of $250,000,000. Official announcement is expected daily. The program calls for government purchases of dried and frozen eggs in carload lots, if necessary.

In establishing a figure for support purchases, the government arrived at 29 cents a dozen because this reflects 90 percent of parity as of November 1. The average price scheduled for the middle western egg area will be 27 cents a dozen, it was learned. The government will buy shell eggs on a basis of wholesale and procurement grades. No eggs will be bought direct from the producers. Purchases will be made in carload lots at as near farm price levels as possible.

Processing for export changes. A gradual change in direction toward less processing for export will characterize the shift from Army procurement and lend-lease to commercial and UNRRA exports. The greater part of specialized wartime food processing relates to fruits and vegetables; this is not the type of food likely to figure in UNRRA's program. Continued demand for dry skim and dry whole milks, and for everything that can be obtained in the way of animal protein, such as canned milk and canned fish, are important exceptions to the general trend. UNRRA may have to accept substitutions for specific types of foods, when a tight situation prevails in the domestic market. The need will exist in 1946 for about all the processed food this country can spare. Some countries are already able to buy, but the total volume of exports will depend largely on how soon satisfactory financial arrangements can be made.

Reconversion problems of food processors. Reconversion problems of our food marketing system are not nearly so pressing as those facing heavy industry. For most

food processors, conversion to a wartime basis consisted mainly of mechanical adjustment to Government packaging and formulae specifications. Utilization of surplus capacity during the war made additions to existing plant facilities unnecessary in most instances. Main wartime conversion difficulties were in the fields of price control and allocation of available production. Now, with few plant reconversions to make, generally low inventories, and good financial positions after several wartime years of profitable operation, most food marketing agencies find themselves in a relatively strong position to meet increasingly competitive conditions in the civilian market.

Marketing charges higher in 1946. Prospects for 1946 indicate moderate increases in charges for marketing most farm products. Increases will not be uniform for all products, and probably will be large for only a few foods, particularly meat products. Both the 1946 and the longer-range outlook for marketing costs and charges depend very largely upon developments in various Government activities, particularly those relating to: (1) price controls, (2) price supports for farm products, (3) subsidy payments to marketing agencies and farm producers, (4) regulation of wage rates and labor costs, (5) levels of farm production, and (6) levels of demand for farm products (employment and consumer income, export, and Government purchase programs). The sum total of these factors will probably have more influence than the prospective developments in internal organization of the marketing system in determining future levels of marketing charges and costs.

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